

# C O R P O R A T E R E S P O N S I B I L I T Y R E P O R T



At Salcon, it is our utmost priority to create long-term values for our stakeholders through effective and lasting solutions to meet ever increasing environmental and social sustainability challenges. Over the years, we have continuously improved our efforts in our Corporate Responsibility (CR) strategies and activities to ensure more sustainable growth.

We incorporate sustainability best practices and the highest standards of ethics into our business operations, corporate culture, mission and core values to further enhance our position as a responsible and caring organization.

### ***Recognition by the FTSE Russell***

We achieved a significant milestone in December 2015 where we are honoured to be recognized under the FTSE4Good Bursa Malaysia Index (F4GBM Index) by the FTSE Russell. The F4GBM Index measures the performance of public listed companies (PLCs) demonstrating strong environmental, social and governance (ESG) practices. Out of the many stocks listed on Bursa Malaysia which were screened in accordance to well-defined ESG criteria, Salcon was selected and included as one of 34 constituents of the F4GBM. Under third party independent assessment, we have met stringent environmental, social and governance criteria, and are positioned to capitalize on the benefits of responsible business practice.



We are proud to be recognized under the FTSE4Good Bursa Malaysia Index.

## CORPORATE RESPONSIBILITY REPORT

**Sustainable Development through Stakeholder Engagement**

We believe that effective and comprehensive stakeholder engagement helps to drive strategic direction and operational excellence for our business. Engaging our diverse stakeholders in long term dialogue enables us to listen from our stakeholders' point of view, provide more opportunities to form strategic partnerships, manage our business risk as well as position our brand to the right target audience.

Below are the efforts we have undertaken in FYE 2015 as a good corporate citizen:

<b>Stakeholder Group</b>	<b>Engagement Approach</b>	<b>Frequency</b>	<b>Benefits/ Outcome</b>
Employees	<ul style="list-style-type: none"> <li>- Internal newsletter</li> <li>- Employees Improvement Programme</li> <li>- Performance review</li> <li>- Sports and recreational activities</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>As needed</li> <li>Annually</li> <li>As needed</li> </ul>	Better work efficiency, career development, employee communication, performance tracking & work-life balance
Investors	<ul style="list-style-type: none"> <li>- Annual General Meeting</li> <li>- Analyst/ bankers/ fund managers meeting</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>As needed</li> </ul>	General interest in business direction/ strategies
Clients	<ul style="list-style-type: none"> <li>- Client satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> </ul>	Evaluate deliverability of jobs and identify areas of improvement
Regulators/ Government Authorities	<ul style="list-style-type: none"> <li>- Compliance with Bursa Malaysia and all other relevant regulatory requirements</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> </ul>	Create reputable and credible brand, keep track with the current market requirements/ regulations
Media	<ul style="list-style-type: none"> <li>- Media releases</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> </ul>	Reach out to public on company's future aspirations and promote publicity
Local community	<ul style="list-style-type: none"> <li>- Charitable giving</li> <li>- River &amp; Water Awareness Educational Programme</li> <li>- Volunteering opportunities</li> <li>- Local community employment</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>Bi-monthly</li> <li>Annually</li> <li>As needed</li> </ul>	Respond to needs in the community which we live, work and serve as well as build positive relationship through constructive efforts
Suppliers/ Sub-contractors	<ul style="list-style-type: none"> <li>- Supplier/ sub-contractors evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> </ul>	Procurement policy helps to reduce risk and improve efficiency throughout the supply chain
Business Partners	<ul style="list-style-type: none"> <li>- Issues meetings/ strategies planning</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> </ul>	Identify emerging issues and conduct business planning
Non-Governmental Organisations	<ul style="list-style-type: none"> <li>- Partnership in community, workplace and environmental sustainability</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> </ul>	Mutual understanding on sustainable environmental and social growth

The details of our stakeholder engagement approaches are covered in other section of this report.

## CORPORATE RESPONSIBILITY REPORT

## MARKETPLACE SUSTAINABILITY

Being transparent and adopting the highest standards of corporate governance are the keys to guiding the Group to conduct its operations under a business environment which demands higher levels of maturity and thought leadership. We believe that the highest standard of business practices not only creates sustainability in terms of transparent disclosure and cost efficiency, but also a reduction in our ecological footprint whilst building healthy communities.

### *Building Ethical Business Practices*

We are committed to apply the highest standards of corporate governance in our business operations where we strive to be ethical, accountable and transparent. These principles have guided us through the years in delivering long-term commitments to our stakeholders as well as helping to win public trust in the Company through the Board's accountability which is the highest echelon of decision making in the Group.

Every employee is guided by the Group's Code of Ethics and Conduct (COEC) which clearly states the Group's expectation of integrity in all areas of our business operation. During orientation for new employees, every new recruit will need to read, agree and adhere to the COEC's precepts. The full copy of our COEC is available in our corporate website at [www.salcon.com.my](http://www.salcon.com.my).



Clients and business partners engagement through informal events such as Bowling Tournament.



### **MARKETPLACE:** Achievement and ongoing progress:

- Strong emphasis on ethical business practices
- Keeping track of suppliers/ sub-contractors performance through supplier evaluations
- Listening to clients' feedback through Client Satisfaction Survey
- Engaging with clients and consultants through corporate functions
- Delivering effective customer service
- Conducting integrated risk management

## CORPORATE RESPONSIBILITY REPORT

As part of our COEC, all Salcon employees are required to comply with the anti-corruption laws of every country in which we operate in. All forms of bribery and corruption are strictly prohibited. Any breach of law in relation to bribery could result in disciplinary action including dismissal.

In order to monitor and prevent fraud and corruption in the Group, a yearly risk assessment is conducted by the Internal Audit & Risk Management department based on the procedures stated in the Risk Management System. The risk assessment report will be submitted to the Audit Committee and Risk Management Committee for review. As at FYE 2015, no staff were disciplined or dismissed due to non-compliance with anti-corruption laws.

### Creating Long-Term Returns to Shareholder

During FYE 2015, the Group recorded gross economic value of RM160.2 million, 36% decrease compared to the previous year.

### Economic Data (Group Level)

Description	2013 (RM '000)	2014 (RM '000)	2015 (RM '000)
Revenue	164,612	194,465	123,079
Other income and interest income	96,157	55,867	37,114
Gross Value Generated	260,769	250,332	160,193
Our suppliers: Operation costs	(174,019)	(187,664)	(135,234)
Our employees: Salaries and benefits	(26,049)	(22,271)	(21,935)
Our lenders: Payment to lenders (financial cost)	(7,128)	(1,928)	(5,576)
The Government: Payment to Government	1,077	(3,742)	(9,369)
The Rakyat: Community Investments	(93)	(190)	(192)
Net-value added	54,404	34,537	(12,113)
Our shareholders: Payment to shareholders	(5,393)	(20,230)	(20,325)
Our Future: Economic Value Retained	49,011	14,307	(32,438)

### Revenue by Region

Countries	2013 (RM '000)	2014 (RM '000)	2015 (RM '000)
Malaysia	139,063	134,864	81,387
Vietnam	-	28,388	13,927
Sri Lanka	16,595	22,567	11,877
Thailand	4,023	2,942	1,485
Others	4,931	5,704	14,403
Total	164,612	194,465	123,079

(Revenue in others category in 2015 was generated by business in U.K.)



We adopt the **highest standards** of corporate governance into our business and **deliver excellent economic performance**



## CORPORATE RESPONSIBILITY REPORT

### Sustainable Supply Chain

We strive to ensure that our procurement and ISO policies are embedded into the Group's supply chain management to provide the most efficient and cost effective option for the Group and more value to our stakeholders.

Under our procurement policy, we only work with qualified suppliers/ sub-contractors who are responsible and reliable. This is crucial for us as it would directly affect our delivery as well as our reputation with our clients.

Our top 3 criteria in choosing suppliers:

1. Ability to meet our specifications/ requirements
2. Ability to meet our delivery requirement
3. Offering competitive pricing and terms

### Suppliers' Rating

Grade	No. of Suppliers/ Sub-contractors	Percentage (%)		No. of Suppliers/ Sub-contractors	Percentage (%)	
		FYE 2014			FYE 2015	
Excellent	114	73		127	84	
Acceptable	19	12		12	8	
Minor improvement needed	22	14		11	7	
Unacceptable	1	1		0	1	
Total	156	100		150	100	

### Sharing values

We apply strict care in choosing the Group's supplier/ sub-contractors and to share with them our business values and principles. All suppliers/ sub-contractors are educated on our ISO policies as they are required to comply and adhere to the practices and standards as set out in Company's ISO 9001 Project Quality Manual, ISO 14001 Environmental Manual and OSHAS 18001 Manual.

### Supplier evaluations

In order to keep track of our suppliers' performance, we conduct an evaluation on a yearly basis to ensure that they comply with our procurement policy and to review the area of improvements. In FYE 2015, 150 suppliers were reviewed and 127 of them achieved Excellent grade in their performance, accounting for 84%.



We engage with our potential business partners through exhibitions, both locally and overseas.

### Delivering Solutions to Clients

#### Clients' Satisfaction Survey

It is our responsibility to deliver quality solutions to our clients. In order for us to improve, we review our performance through a Clients' Satisfaction Survey which is conducted annually. Through the survey we would be able to identify our shortfalls, and improve on these areas through taking remedial action.

In FYE 2015, we have conducted satisfaction survey on Klang Package D55 and Sri Lanka Kalu Ganga projects. Averagely we were rated 83.3%, an increase compared with 81.5% in FYE 2014. Clients' feedback was discussed between the top management and the project team and thereafter, sent for further action, if any.

## CORPORATE RESPONSIBILITY REPORT

Besides the survey, we also engage our clients or business partners through informal events such as Chinese New Year Luncheon and Bowling Tournament to foster better relationship and exchange of opinions.

#### Customer Service

Under our Non-Revenue Water (NRW) Division in Sandakan, Malaysia, we have a Customer Service Centre to handle billing and collection matters as well as attend to customer's concern about water issues.

In FYE 2015, we have received 1749 calls compared with 1943 calls in the previous year. The effectiveness of the staff handling calls has improved from 3 to 5 minutes to 1.5 minutes for each call.



Customer Service team at the NRW Sandakan Customer Service centre, Sabah.

#### Risk Management

Salcon's Enterprise Risk Management (ERM) integrated framework is endorsed by the Board of Directors to the Risk Management Committee; which in turn is assisted by the Internal Audit and Risk Management Department.

Salcon safeguards the Group's facilities and shareholders' investments by being able to identify and mitigate applicable potential risks via the Integrated Risk Management Policy (IRMP). The IRMP details the context and processes of risks' identification, analysis, evaluation and treatment; as complemented by the use of risk management software and risk based internal audits/risk assessment exercises.

Currently, Salcon is in the process of reviewing and enhancing the ERM integrated framework and IRMP so as to comply with ISO 31000 Risk Management Principles and Guidelines, with the assistance of an appointed consultant.

**Salcon safeguards the Group's facilities and shareholders' investments by being able to identify and mitigate applicable potential risks via the Integrated Risk Management Policy (IRMP)**

## CORPORATE RESPONSIBILITY REPORT

# WORKPLACE SUSTAINABILITY

We believe happy people work better. This is our fundamental guide and reason to continue improving work experience for all of our employees. We are committed to create a safe, healthy and respectful working environment to all of our employees.

## **Respecting Human Rights**

At Salcon, our commitment to respect human rights extends across all aspects of our business conduct, including our suppliers, business partners, customers, communities and employees. The Group's Code of Ethic and Conducts provides guidelines and direction for responsible business conduct and imbues our commitment for human rights. Amongst the areas of human rights practices in which we are concerned, workplace and employees rights are our top priority as we see human resources as the most valuable asset in the Group.

Every employee at Salcon enjoys equal rights without prejudice and discrimination. We practice an open-door policy whereby we provide a grievance mechanism and have established a whistle blowing policy for our employees to raise any issues or activities that are against or believed to violate any of the Group's or country's law and regulations.

Regardless of where we operate our business, we fully comply with human and employees rights in each country's employment laws and regulations. We have zero tolerance on the employment of child labor and forced labor.

We comply with all applicable wage laws of Malaysia for all employees, which include minimum wages, overtime hours and legally mandated benefits related matters. Working hours are limited to what is acceptable by local laws.

## **Valuing Diversity**

Managing diversity and equality is essential to our collective success. Based in a multi-race country, we fully believe that a diverse workforce is critical in generating new ideas as well as inspiring creativity and innovation. Thus, we work towards creating a welcoming and inclusive workplace for people with all background, regardless of nationality, race, color, religion, gender, ethnic origin, sexual orientation, age or disability.

## *Embracing Individual Differences*

In FYE 2015, we have a total of 271 employees in Malaysia, Thailand, Sri Lanka, Vietnam and India, consisting of different age group and races. The percentage of female employees over the total employees increased slightly from 34.7% to 36.5% in FYE 2015 compared to the previous year. In FYE 2015, 38 new employees with diverse talent joined us.

our commitment to **respect human rights** extends across all aspects of our business conduct



### **WORKPLACE:** Achievement and ongoing progress:

- Respecting human rights and zero tolerance on child and forced labour
- Effective employee communications
- Talent development
- Creating a safe workplace

## CORPORATE RESPONSIBILITY REPORT

## Employee Diversity Data:

	2013	2014	2015
<b>Total number of employees</b>	<b>314</b>	<b>288</b>	<b>271</b>
Malaysia	258	242	244
Thailand	2	2	2
Sri Lanka	19	16	15
Vietnam	23	19	8
India	10	8	2
Indonesia	2	1	0
<b>Workforce by category</b>			
Executive	201	184	170
Non-executive	113	104	101
<b>Age Group</b>			
Below 30	73	57	45
30 to 50	180	164	164
Above 50	61	67	62
<b>Gender</b>			
Female	107	100	99
Male	207	188	172
<b>Ethnicity (in Malaysia)</b>			
Malay	116	107	113
Chinese	105	100	93
Indian	24	24	24
Others	13	11	14
<b>Turnover rate (%)</b>	<b>12.7</b>	<b>12.5</b>	<b>10.5</b>
<b>Ratio between permanent and contract employees</b>	<b>70 : 30</b>	<b>72 : 28</b>	<b>73 : 27</b>
<b>Ratio of men versus women salary</b>	<b>1 : 1</b>	<b>1 : 1</b>	<b>1 : 1</b>

## Directors Diversity

The Group's collective success is led by 6 directors with diverse background and expertise in business management and engineering field. The directors have broad and global perspective in business sustainability. For more details of our directors' profile, kindly refer to Profile of Directors on page 12 to page 17.

## Board of Directors Diversity:

	2013	2014	2015
<b>Gender</b>			
Male	6	6	6
Female	-	-	-
<b>Age Group</b>			
Below 30	-	-	-
30 to 50	-	-	-
Above 50	6	6	6
<b>Ethnicity</b>			
Malay	1	1	1
Chinese	5	5	5
Indian	-	-	-
Others	-	-	-



The Group's collective **success** is led by **6** **directors** with diverse background and expertise **in business management and engineering field**



## CORPORATE RESPONSIBILITY REPORT



Training opportunities provided to employees to enhance their skills in their career path.

### **Continuous Employees Engagement**

Fostering a culture of inclusion that everyone is valued is part of our strategy in employee engagement so that everyone in the Group can deliver the best performance and lead the Group to higher achievements. Over the years, we have been engaging with employees through various channels and will continue in the engagement effort for a win-win situation for both employees and the company.

#### *Communications*

Employee communication is essential for us to receive regular feedback no matter positive or negative. We welcome employees to conduct discussions on one to one, team or management level to analyze any issues or concern.

Our employees put concerted effort in achieving the key performance indexes set by the Company which are reviewed annually together with their superior to discuss the delivery capabilities as well as individual and departmental growth.

#### *Rewards*

We reward and recognize our employees' contribution through attractive benefits as an encouragement and reinforcement of exemplary behaviors and high performance throughout the business. These benefits and rewards include medical insurance coverage, car loan subsidy scheme and annual bonuses.

### *Leadership Building*

We encourage and emphasize on our employees' career growth and development as we believe that employees are the most valuable asset who should grow together with the company.

In order to provide opportunities to employees so that they can achieve a higher milestone in their career path, we provide training opportunities to all employees regardless of position or level. We encourage training to enhance their skill and contribute to work creativity and efficiency.

In FYE 2015, an average of 50% of employees from all categories attended training provided by the Company, including directors, management, executive and non-executive. Types of training do not only cover personal and leadership development, it also includes supplementary knowledge, positive mindset and functional training.




### **Safety Workplace**

We believe a safe and healthy workplace will not only protect our employees' health and safety, but also protect the Group's assets, ensure business continuity and engender public trust. To this end, all offices and project sites comply with the Safety and Health Policy as well as Occupational Health and Safety Management System (OHSAS 18001). Besides this, a Safety, Health and Environment (S.H.E.) Committee was set up to ensure overall S.H.E. performance and continuous maintenance and improvement of the system.



Safety is the top priority at all of our project sites.

## CORPORATE RESPONSIBILITY REPORT

Responsible body	Location	Activities held
 S.H.E. Committee	 Offices (For employees)	<ul style="list-style-type: none"> <li>- Fire drill</li> <li>- Quarterly audit and inspection (Headquarter)</li> <li>- Annual Safety &amp; Health Campaign Month</li> <li>- Health and safety talks</li> </ul>
	 Project sites (For employees and sub-contractors)	<ul style="list-style-type: none"> <li>- Fire drill</li> <li>- Health and safety toolbox talk health and safety induction</li> <li>- Annual audit and inspection</li> <li>- training to staff and sub-contractors</li> </ul>

#### Safety, Health and Environment (S.H.E.) Committee

The S.H.E. Committee's top responsibility is to cultivate a safe and healthy workplace for all level of employees, including our sub-contractors. The S.H.E. Committee comprise representatives from each department who raise their concern about workplace safety and health issues on behalf of their departments.

Prior to the commencement of a new project, the S.H.E. Department will conduct risk assessment through Identification, Risk Assessment and Risk Control (HIRARC) to identify any potential health and safety risk and analyze and mitigate the risk.

The S.H.E. Committee has organized numerous activities to raise awareness on workplace health and safety. Kindly refer to the chart below for the list of major activities conducted by the committee and department.

In FYE 2015, 71% of the S.H.E. Committee attended safety-related trainings. To reduce the possibility of injuries and death, property damage, legal liability, illnesses, workers' compensation claims and missed time from work, we also provide trainings to our sub-contractors in FYE 2015.

For our project site abroad, we ensure the team fully complies with the local workplace safety and health law and practices. Our project site at Binh An organizes yearly OHSAS Campaign – Labour Safety and Hygiene Week to highlight the importance of workplace safety to employees. Meanwhile, the project site conducts annual fire drill and various trainings including fire fighting training, first aid training and OHSAS 18001:2007 system training.

**We believe a safe and healthy workplace will not only protect our employees' health and safety, but also protect the Group's assets, ensure business continuity and engender public trust**

## CORPORATE RESPONSIBILITY REPORT

### *Achieving Zero Loss Time Injury*

Under the guidance of the Group's Safety and Health Policy and OHSAS 18001 as well as the effort of raising safety awareness among all level of employees, we have successfully managed to achieve 9.39 million man hours with zero Loss Time Injury (LTI) since December 2010 against a target of 10 million man hours.

We have also achieved zero Non-Conformance Report (NCR) in FYE 2015, an improvement compared with 3 NCR in the previous year.

### **Employees' Well-being**

Work-life balance of our people is an important aspect we are looking into. Our emphasis on work-life balance is reflected through our employees' welfare, Staff Improvement Programme as well as various activities held under the Salcon Recreational Club (SRC).

Under the Staff Improvement Programme and SRC activities, we encourage sports and physical activities such as weekly badminton, bi-weekly bowling, stair walk competition, stress management talk, movie day, annual trip, family day, sports tournament and visit to special children home.



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

**Work-life balance** of our people is an **important** aspect we are looking into



We encourage employees to connect with one another via our activities such as Annual Trip to build multicultural awareness.



Family Day is one of the activities to promote work-life balance.



## CORPORATE RESPONSIBILITY REPORT

## ENVIRONMENTAL SUSTAINABILITY AND CLIMATE PROTECTION

It is our top responsibility to reduce our environmental footprint in the areas we operate in. We believe that, if not adequately addressed, climate change and pollution issues will directly pose various risks to businesses. All the initiatives and action taken by the Group to reduce pollution and climate change impact as well as to conserve resources is reflected in our commitment towards the ISO14001: 2004 which is certified and reviewed yearly by Bureau Veritas Certification.

The S.H.E. Department conducts monthly environmental assessment at project sites to ensure no unnecessary negative environmental impacts. Every project sites complies with the Group's Environmental Policy and puts their best effort to prevent pollution. For example, our project team of Package D55 Project in Klang ensures good maintenance of machinery and vehicle to avoid additional carbon emission.

In this section, we will provide an update on our efforts to advance our environmental sustainability efforts across five core focus areas: water management, energy management, waste management, dust management and other conservation efforts.

### **Water Management**

As a water and wastewater engineering company, we recognize that water is an important resource to businesses, communities and the environment. To this end, we are committed to protecting water quality and decreasing water consumption, and reducing the carbon footprint of our supply chain. Our workforce and subcontractors are required



Construction of digester tank piling works at Langat CSTP project site.

to commit to responsible use and conservation of this vital resource under the guidance of our Environmental Policy.

In order to ensure sustainable resource usage and conservation, we also expand our advocacy campaigns on water conservation through an educational approach via our regional award-winning Salcon River & Water Educational Programme.

Initiatives taken by the Group to **reduce pollution** and **climate change impact** as well as to **conserve resources** is reflected in our commitment towards the ISO14001: 2004



### **ENVIRONMENTAL:** Achievement and ongoing progress:

- Effective water, energy, waste and dust management
- Recycling effort at all offices and project sites
- Environmental conservation with community to convey importance of resources conservation and climate change issue



## CORPORATE RESPONSIBILITY REPORT



**Primary Clarifier Piling & Lean Concrete works at Langat CSTP project site.**

Our efforts in water management:

- In FYE 2015, Binh An Water Corporation (BAWC) built a Sludge Storage Pond to collect the sludge which was previously discharged direct into the environment. Saigon Water Corporation (SAWACO) built a sludge dewatering plant.
- Tri An Lake and Dong Nai River inspection on pollution
- Cleaning and dredging external drainage at Binh An project site to ensure no blockage in drainage.
- Our sewerage project sites carry out influent and effluent sampling work on monthly basis for monitoring purpose.
- We work hand-in-hand with NGOs such as Water Watch Penang for the Salcon River & Water Educational Programme.
- As a member of Malaysia Water Association and International Water Association, we keep abreast with the latest industry trends and best practices in responsible water management.

### **Energy Management**

Even though there is no specific energy policy, all level of employees at the offices and project sites are constantly reminded on the importance of energy conservation via employee emails or posters. Our total offices energy consumption reduced 0.7% in FYE 2015 as compared to the previous year.

Our effort in energy conservation:

- We urge all employees to switch off lights and air-conditioner at work area during lunch hour and after work.
- BAWC has energy conservation policy according to the government requirement and it is implemented throughout the company.
- Binh An Water Treatment Plant site minimizes the use of power generators in the production process.
- Langat Centralized Sewage Treatment Plant reduces unnecessary idling of plant and machinery.

### **Waste Management**

Improper waste management will not only create pollution but also impact the habitat and lead to climate change issues. Thus, we are very mindful of proper waste disposal to ensure that the environment is not polluted or impacted by hazardous chemicals.

Our effort in waste management:

- Non-scheduled waste is disposed by council waste disposal contractor.
- Scheduled waste such as used motor oil & other lubricants are collected in steel containers and taken off the site by scheduled waste disposal subcontractors. The frequency of the disposal depends on the location of project sites but comply with the local authority's regulation. For example, the Binh An project site conducts the disposal monthly but Langat Centralized Sewage Treatment Plant keeps the waste for six months maximum before disposal.
- Waste disposal is conducted using Roll on Roll off (RoRo) bins at our rés280 property project site.



**BAWC JV with Binh Thang People's Committee cleaning external drainage.**

## CORPORATE RESPONSIBILITY REPORT



Tree planting and landscaping effort with SK Dusun Nanding students.

### **Dust Management**

As dust pollution could create a negative impact on the health of residents and surrounding habitat, we implement effective dust control at our operation areas to ensure minimal impact to the environment.

Our effort in dust management:

- Conduct regular watering of access roads at Langat 2 Water Treatment Plant site.

### **Other Conservation Efforts**

We aim to create awareness on the importance of conserving natural resources and protecting the environment as well as raise climate change issues through education.

Our education approach covers both internal and external stakeholders. We encourage our employees to love the Earth through environmental activities and cultivate the sense of

environmental protection among the communities where we operate in.

Our effort includes:

- Recycling campaign at all offices and project sites. 1058kg of recycled paper are collected in FYE 2015.
- Greening effort of project sites. All slopes, whether cut or fill, are immediately turfed after work is completed.
- Tree planting and landscaping effort with Sekolah Kebangsaan Dusun Nanding students and teachers, a school next to our Langat 2 Water Treatment Plant project site.
- Salcon River and Water Educational Awareness Programme. We teach primary and secondary school students to test the quality of river water through hands-on activities. For more information about the programme, please refer to Community Sustainability Section under this Report.

## CORPORATE RESPONSIBILITY REPORT

# COMMUNITY SUSTAINABILITY

Investing in the communities in which we live, work and serve is significant as we would be able to receive feedback from our communities and build positive relationships through various engagement activities.

Through our community engagement, we aim to improve lives of communities by practicing local employment, charitable giving, educating younger generations as well as providing volunteering opportunities.

### **Local Employment**

We believe that creating job opportunities to local communities through local employment at the area we operate in will benefit both entities economically: the local community as well as Salcon. Whenever we commence business at a new geographical area, we will employ the local community to be part of our Salcon family.

### **Charitable Giving**

Under the guidance of our Donation and Sponsorship Funding Guidelines, we are committed to support underprivileged groups or environmental conservation organizations which address a community need and provide direct impact to the community served.

Besides providing financial aids to charity organizations such as Malaysian Association for the Blind, Pertubuhan Kebajikan Mental Selangor and orphanage homes, we also contribute in disaster relief efforts. Some of our major activities in charitable giving efforts include:

- Salcon Back to School Outreach Programme. This is a programme to support underprivileged children by giving contributions in-kind to orphanage or special children homes.
- Donation of 124 boxes of drinking water to earthquake victim in Ranau area, Sabah, Malaysia.
- Donation of necessary items to poor families in Binh Thang Ward, Vietnam.
- Participation in Terry Fox Run to support cancer research in Vietnam.
- Movie Day. A leisure movie day for children from Pusat Penjagaan Kanak-Kanak Cacat Taman Megah including donation of cash and in-kinds.

### **Shaping Behavior through Education**

We believe education plays an important role in shaping the mindset and behavior of our younger generations. Thus, we use education as an approach to cultivate a sense of responsibility on water conservation among primary and secondary school students through the Salcon River and Water Awareness Educational Programme.



### **COMMUNITY:** Achievement and ongoing progress:

- Creating job opportunities through local employment
- Supporting underprivileged through charitable giving
- Educating children for a sustainable environment
- Volunteering programme
- Caring for young generations through charity & education



## CORPORATE RESPONSIBILITY REPORT



Salcon employees spending time with children from Pusat Penjagaan Kanak-Kanak Cacat Taman Megah (PPKKCTM).

The Salcon River and Water Awareness Educational Programme is a joint effort by Salcon Berhad and Non-Government Organisation - Water Watch Penang (WWP) on water conservation education since 2010. We bring primary and secondary school students to the river and provide opportunities for them to conduct physical, biological and chemical river water testing by their own. The children have shown improved understanding and awareness via a survey we conduct, pre and post-activity.

In FYE 2015, we have successfully expanded the programme to engage students outside Selangor. The schools involved are SMK Sungkai, SMK Hamid Khan and SK Behrang from Perak. We hope to expand further to other states in future.

#### ***Giving back Society through Volunteering***

Sustainable social development is crucial to Salcon as a caring corporate citizen. We would like to create a society with happy people living in a healthy and clean environment. This is also our mission and part of our corporate responsibility strategy is to introduce volunteering opportunities annually to the community to get them to join us in the effort of providing a better living community. The activities are the Salcon Train of Trainers (TOT) Programme as well as Salcon Blood Donation Campaign.



We aim to **improve lives of communities** by **practicing local employment, charitable giving, educating younger generations & providing volunteering opportunities**



## CORPORATE RESPONSIBILITY REPORT

### *Salcon TOT Programme*

Besides conducting the river programme for students, we work closely with teachers through the Salcon TOT Programme to enable more students to benefit from the river programme. The annual TOT Programme is a skill-based programme where the teachers learn how to conduct a river programme by themselves. After mastering the skill, they can conduct the river programme themselves at their respective schools based on their own schedule.



The skill-based Salcon TOT Programme aims to train more teachers to be facilitators so that they can conduct the same programme for their own schools.



Salcon's annual blood donation drive at Summit Shopping Complex.

In FYE 2015, a total of 46 teachers from 28 schools in Perak and Selangor participated in the TOT Programme and learnt how to conduct the fun and educational programme. Meanwhile, the ripple effect of the teachers who participated in the TOT Programme was shown when 7 school-organized River Programmes were conducted. This translated to reaching out to another 255 students in protecting the eco-system.

### *Blood Donation*

In collaboration with Pusat Darah Negara, Salcon supports World Donor Day through its annual Salcon Blood Donation Campaign, which is held in conjunction with the Salcon Safety and Health Campaign Month. 68 pints of blood have been collected from kind-hearted public and Salcon employees in FYE 2015 during our 6th Annual Blood Donation Drive.

## CONCLUSION

We strive to create a sustainable environment in both our operations and community where we live in under our four focus area which are marketplace, workplace, environment and community. While continuing our efforts for sustainable living, we hope to achieve another milestone over the coming year with the full integration of our sustainability efforts.