



# *Eneco Energy Limited* *FY2018 Sustainability Report*



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# *Board Statement*

We are pleased to issue our second Sustainability Report prepared in line with the Singapore Exchange (SGX) listing rule 711 (A) and (B). Sustainability continues to be a key consideration in formulating business strategy at Eneco Energy Limited (“EEL”).

Last year, in consultation with Management, five material factors were identified as part of our sustainability efforts. The Board has been involved in overseeing the management of these material factors and this Report features our progress in these areas.

In the year of climate action, we have made strides towards mitigating our environmental footprint. Our continued transition towards a more environmentally friendly fleet of trucks in our logistics business is one such example. On the people front, we continue to develop our talent and take care of their health and safety at the workplace.

We are confident that Management will continue to achieve our sustainability goals and the Board ensures that sustainability will remain a core focus of EEL. We would like to thank the Management and employees for their support in the preparation of the Report.



# *About This Report*



## **Reporting Scope and Period**

Eneco Energy Limited is an Oil & Gas and Logistics company headquartered in Singapore and listed on the Singapore Exchange (“SGX”) mainboard. This is our second annual Sustainability Report and covers our sustainability performance for the financial year ended 31 December 2018 (“FY2018”). The Report includes data and information relating to our operations in Singapore and Indonesia.

## **Reporting Standard and Assurance**

This Report has been prepared in accordance with the GRI Standards: Core option.

We have not obtained any independent assurance of the information being reported this year, but will continue to work on enhancing our reporting and data collection processes, and may consider obtaining independent assurance as our reporting matures in future.

## **Feedback**

A softcopy of this Report can be found on our website at [www.enecoenergy.com](http://www.enecoenergy.com). We welcome your questions and value your feedback on our sustainability practices and how we can improve on them.

Please let us have your feedback via [info@enecoenergy.com](mailto:info@enecoenergy.com) should you wish to contact us.



# *About Eneco Energy Limited*

## Our activities, markets and supply chain

Oil & Gas and Logistics are the two key businesses at Eneco Energy Limited.

Our Oil & Gas business is located in Indonesia. We entered this business in 2008 and today we have production assets located in South Sumatra and West Java and an exploration asset in Sumatra.

Ramba's Logistics business unit, RichLand Logistics is located in both Singapore and Indonesia. RichLand provides supply chain services including inbound and outbound transportation activities, distribution management, sea port and airport cargo handling services.

## Operational changes

In FY2018, we got approval from the Indonesian authority SKK Migas for the farm-out of 15% participating interest in the South Sumatra asset to Mandala Energy Lemang Pte. Ltd. (“**Mandala**”) and we no longer exercise operational control over this asset.



# *Sustainability at Eneco Energy Limited (1/3)*

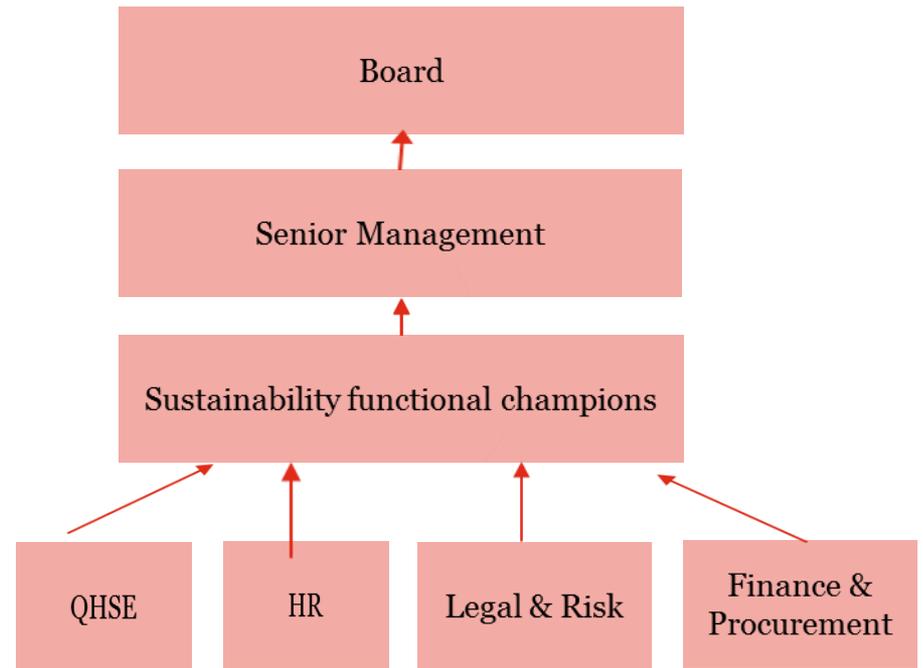
Sustainability continues to be an integral part to how we do business at EEL. We aspire being a leading service provider to our clients and delivering the best results to our investors; while ensuring the interests and well-being of our employees, the environment and community.

Our Enterprise Risk Management (“ERM”) framework along with various policies on quality, health and safety, anti-corruption and code of conduct have guided us in our journey towards being a responsible corporate citizen.

## **Sustainability Governance**

With the announcement of the SGX guidelines last year, we have refreshed our approach towards managing and governing sustainability related risks and opportunities within the organisation.

Following the release of the guidelines, we have identified functional champions who report to Senior Management and gather information from the different business departments in Singapore and Indonesia. This year, we have added more functional champions, particularly from our Indonesia Logistics business, to help drive our sustainability agenda.



# *Sustainability at Eneco Energy Limited (2/3)*

## Stakeholder Engagement

Stakeholder feedback is an ongoing process of EEL. Understanding the needs and concerns of our stakeholders is very important in aligning our sustainability priorities and we regularly engage with our stakeholders to seek their feedback. Our stakeholders have been identified based on their dependence and influence on our business and below is a summary of our engagement with them through the year.

Stakeholder	Frequency	Method	Topics of concern	Our response
<b>Employees</b>	- Annually - Quarterly and monthly	- Employee satisfaction survey - HR Clinic - Round Table Talk - Town hall meetings	- Training needs - Welfare and benefits - Health and safety	- Need-based training programs - Competitive benefits - Employee bonding sessions
<b>Shareholders</b>	Annually	- Annual General Meeting, and on an ad-hoc basis during Investors' Day	- Economic Performance - Corporate Governance - Risk Management	- Enterprise Risk Management exercise
<b>Clients</b>	Ad-hoc	- One-to-one meetings - Customer survey	- Greater visibility and productivity in logistics	- Using technology through in-house apps
<b>Regulators / Government</b>	Ad-hoc	- Face-to-face meetings, written communication	- Environmental safety, particularly in our energy operations	- Adoption of ISO standards to ensure a precautionary approach to the environment



# *Sustainability at Eneco Energy Limited (3/3)*



## **Materiality Assessment**

Last year, we conducted our materiality assessment according to the GRI Standards' Principles for defining report content. The list of material factors identified, the topic boundary and the corresponding GRI standards adopted are listed in the table below. We have not changed the list of material factors this year, as we believe our current list continues to stay relevant to our impacts, business strategy, market conditions and stakeholder priorities.

<b>Material Factor</b>	<b>Material Impact Boundary</b>	<b>GRI Standard 2018</b>
Fuel Efficiency	<ul style="list-style-type: none"> <li>- Fleet operations in Singapore and Indonesia</li> <li>- Electricity consumption in Singapore and Indonesia</li> <li>- Natural gas and diesel consumption in Oil &amp; Gas production in Indonesia</li> </ul>	Energy (302)
GHG Emissions	Scope 1 and 2 emissions arising from energy use	Emissions (305)
Health and Safety	Employees and Subcontract workers in Singapore & Indonesia	Occupational Health & Safety (403)
Training and Development	Employees in Singapore and Indonesia	Training & Education (404)
Legal & Regulatory Compliance	Oil and Gas operations	Environmental Compliance (307)



# *Environment*



# *Fuel Efficiency & Greenhouse Gas Emissions*

Energy consumption is a significant impact arising from our operations. Our Oil & Gas business uses natural gas for power generation and our Logistics business uses fuel for transportation. In addition, our offices and warehouses use electricity for daily operations. The use of this energy creates significant scope 1 and scope 2 GHG emissions. Enabling greater fuel efficiency not only reduces our carbon footprint, dependence on non-renewable power and regulatory risks but also has a direct contribution to our operational costs.

## Management Approach

We continued to undertake a number of initiatives to minimize our fuel consumption, improve energy efficiency and lower our emissions.

## Oil & Gas

The majority of our operations use natural gas as fuel. While diesel engines are kept as back up, we strive to minimize their usage. In effort to reduce our footprint, we use some of the natural gas and diesel from our operations into power generators. In FY2018, we used approximately over 4,000 GJ<sup>1</sup>.

## Logistics

**Fleet Refresh:** We continue to refresh our fleet from Euro 2 engine trucks to Euro 4, 5 and 6 under our fleet refresh programme. In FY2018, we purchased 3 new Euro 6 fleet and leased 5 new Euro 6 trucks. The fleet refresh is almost complete, with around 86% of our fleet in Singapore being Euro 4 or higher category.

**Fleet Management:** In FY2018, we continued to use a car track software to monitor our fleet and driver's behaviour. This system provides us with an engine idling report, which we use to monitor and improve the energy use of our fleet. In addition, we also started a new initiative to encourage drivers to switch off engines when idling, which tends to happen at ports or customer places involving loading. Furthermore, around 30% of our trucks are leased to third parties and we continue to encourage them to adopt fuel saving practices.

**Fleet Maintenance:** All vehicles continued to run on scheduled maintenance programme to maintain optimal performance and efficiency. We also continued to run our vehicles on the best quality diesel, instead of industrial grade options.

**Offices and Warehouses** We continued our energy efficiency drive at our warehouse and corporate offices through signages and awareness. Our new warehouse at Tuas has been equipped with energy efficient lighting. We reduced our office footprint from more than 16,000 square feet down to less than 7,000 square feet and have reduced our Tuas warehouse footprint from more than 240,000 square feet down to 150,000 square feet.

<sup>1</sup> *Calculated based on engine specifications and not actual measurement*



# FY2018 Performance <sup>2</sup>

Source of consumption	Energy consumption (Giga Joules)	Emissions (TCO <sub>2</sub> eq) <sup>3</sup>
Fleet fuel consumption in Singapore	59,002	4,372
Fleet fuel consumption in Indonesia	82,587	6,120
Energy for power generation & other activities in Indonesia	28,280	1,598
Electricity consumption in Singapore	1,588	674
Electricity consumption in Indonesia	132	114
Total Energy consumption within organisation (Giga Joules)	171,589	
Total Scope 1 Emissions (TCO <sub>2</sub> eq)	12,090	
Total Scope 2 Emissions (TCO <sub>2</sub> eq)	788	

This year onwards, we are also reporting our NO<sub>x</sub> and other significant air emissions. We are pleased to report that we are under the government's reference standards for all our emissions.

## Targets

Last year, we had set ourselves to reduce Euro 2 trucks in our fleet and we have met this target successfully. We will continue to work on replacing all Euro 2 trucks in Singapore. Next year, we are also looking to reduce the energy intensity of our fleet. We will start by assessing the intensities across the different categories of trucks and measuring the reduction through our interventions.

Type of Gas / Fuel Sample <sup>4 5</sup>	Parameter	Reference to Government Standard	Result
Gas fuel diesel	NO <sub>2</sub>	1,000	500
	CO	600	481
Gas fuel 1	NO <sub>2</sub>	400	273
	CO	500	162
Gas Compressor Package	NO <sub>2</sub>	400	203
	CO	500	362
Emission of Flare Stack	Opacity	40%	20%

<sup>2</sup> Our performance is not comparable to FY2017, since this year we had included energy and emissions from our Logistics operations in Indonesia. We will provide comparative data to FY2018, going forward.

<sup>3</sup> The source of the emission factors used is IPCC Guidelines and the grid factor is Energy Market Authority (Singapore and JCM Indonesia).

<sup>4</sup> Method used: IKM.KHT – 25 (Gas Analyzer) for Gas fuel diesel, fuel 1 and GCP; SNI 19-7117.11-2005 for emission of flare stack

<sup>5</sup> Note 1: Emission from the Gas Export Compressor, Gas Engine and Diesel Engine Generators are monitored quarterly by third party services (reports' results shown in the table above)



## Legal and Regulatory Compliance

The nature of Oil & Gas operations create a number of potential risks that can be harmful to the environment and surrounding communities and often come under the scrutiny of Regulators. The key risks include oil spills, flaring and noise pollution. Any non-compliance with such environmental regulations can be a key financial and reputational risk to our Company.



## Management Approach

We continue to follow a precautionary approach towards environmental management and have implemented ISO 14000 systems in line with government regulations. Each new project is assessed for environmental risks and monitoring of environmental impact parameters is done on regular basis and reports are submitted to local Regulators such as SKK MIGAS.

### Managing noise pollution and flaring

In FY2018, we continued to operate as per our noise map and guidelines for the plant and surrounding areas. This has helped us to keep noise levels below 85 decibels and protect local communities and our employees from over exposure. Flaring from our plant is usually close to minimum since most of the gas is directed to the process facility and then to the suction of the export compressor. The small gas flares that we occasionally observe are at a minimal level and below regulatory thresholds.

### Protecting oil spills

Oil Spill Protection ('Slickbars') have been made available at field locations to ensure quick action in case a spill happens and dikes, surrounding ditches and collecting boxes are placed to contain the oil. We also monitor progress from an operation room and any incident is immediately acted upon.

**We have not had any non-compliance with environmental laws and/or regulations in FY2018, zero incidents of oil spills, flaring and noise levels above 85 decibels.**

## Target

We will strive to maintain zero incidents of non-compliance with environmental regulations.



# *People*



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# People

People are our greatest asset and we deliver on our promises to our clients through our people. Employing over 800 people across Singapore and Indonesia, investing in our employees in order to make them the very best they can be and taking care of their health and safety at the workplace are critical to the success of our business.

## Our employees profile



	Permanent	Temporary	Total
<b>Oil &amp; Gas (Indonesia)</b>			
- Male	17	32	49
- Female	4	1	5
<b>Sub Total</b>	21	33	54
<b>Logistics (Singapore)</b>			
- Male	379	0	379
- Female	58	0	58
<b>Sub Total</b>	437	0	437
<b>Logistics (Indonesia)</b>			
- Male	316	0	316
- Female	12	0	12
<b>Sub Total</b>	328	0	328
<b>Employees</b>			
- Male	712	32	744
- Female	74	1	75
<b>Total</b>	786	33	819



# *Training and Development*

We believe it is imperative to enhance the skills of our employees on a continuous basis to meet the changing demands of the industries and prepare them to be future ready.

## **Management Approach**

In 2018, we continued to carry out need based trainings for our people.

Our employees were provided with a wide range of training programmes. A total of 34 courses were provided by various providers, from which 6 were internal trainings and 28 were external. The external providers included reputed organisations such as MDIS, PSA Corporation Limited, NTUC Learning Hub, SNEF, amongst others.

Some examples of the external trainings included Coaching and Performance Conversation skills, Competency-based Interview & Selection Techniques, Advance Team Leader, Effective Business Writing for Admin & Support Staff, etc..

We believe that creating a conducive workplace for our staff is another contributor to their development. In order to foster such an environment, we continued to focus on a number of activities this year. Our annual employee appreciation dinner and RichBowl were well attended and appreciated by our staff.

Finally, we value diversity at our workplace as by embracing diversity, we create a dynamic work environment that helps employees to learn from each other's skills and experiences. We have incorporated diversity considerations into our recruitment policy and require all our employees to conduct themselves respectfully toward others.



# Staff Training

Employee Category	Average Hours of Training	
	Male	Female
<b>Oil &amp; Gas (Indonesia)</b>		
Direct      560 hours / 49 pax	11.4	0.0
<b>Logistics (Singapore)</b>		
Direct	1.8	0.0
Non-Executive	1.2	1.3
Executive / Senior Executive	2.8	2.8
Managerial / Senior Managerial	4.5	0.0
<b>Logistics (Indonesia <sup>6</sup>)</b>		
Direct	3.0	3.0
Non-Executive	3.0	3.0
Executive / Senior Executive	3.0	3.0
Managerial / Senior Managerial	3.0	3.0



## Targets

Engaging with our employees is the first step to understand and act on their training and development needs. Our employee satisfaction survey in FY2018 indicated on improving the retention rate of years of service < 1 year as they are the highest contributor to our attrition. We take this feedback positively and will focus on:

- development the new Vision and Core Values;
- reviewing work schedules and resourcing adequacy; and
- strengthening next level leadership (HOD-1) to be effective people managers.

<sup>6</sup> Estimated hours



# Health and Safety

Ensuring the health, safety and wellness of our employees is our fundamental responsibility. Given the nature of our business, we recognize the health and safety facing our staff. We continue to work on strengthening our controls and processes to avoid any safety lapses.

## Management Approach

In FY2018, our Singapore Logistics received certification for ISO 9001:2015 and ISO 14001:2015. We were also certified as BizSafe Star (equivalent to Level 5).

We continued to conduct monthly safety committee meetings and inspections and safety related trainings. We also issued our monthly safety bulletins through which we reiterated common safety issues and shared case studies on different topics.

We also continued to use our QHSE General Rules & Guidelines, which present detailed rules for Contractors and their employees. The rules pertain to general safety at the worksite and in case of hazards.

In November 2018, we also conducted a Fire Fighting and Basic Medical Training (First Aid) at PT Pertamina Elipse, involving 35 participants.

## Performance

**Oil & Gas:** None of our employees and subcontracted workers sustained any recordable, high consequence or fatal injuries.

**Logistics:** None of our employees and subcontracted workers sustained any high consequence or fatal injuries.

Number of recordable injuries	17
Lost Man-Days <sup>7</sup>	184

## Targets

We are striving to maintain the highest level of health and safety standards in Indonesia. Next year, we will target our Logistics business in Indonesia to transition from ISO 9001:2008 to ISO 9009:2015

<sup>7</sup> We are unable to calculate injury rate as we do not have the data available on total man hours at this stage. We are trying to compile this data for future reporting.



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