



NEWSLETTER

SEPTEMBER - 2019



MANAGEMENT PERSPECTIVE

INTEGRITY & GOVERNANCE UNIT (IGU)

Upholding integrity has been one of the main focus areas in Malaysia since the change of government administration in May 2018. Similarly, the practice of good ethics in every business environment must also be applied to every single government entity including Cenergi, as one of the Government-Linked Companies (GLC) owned by Khazanah Nasional Berhad. Therefore, the government has called for all GLCs to set up an “Integrity and Governance Unit” (IGU) by November 2020, which will come under the supervision of the Malaysian Anti-Corruption Commission (MACC), to enhance the governance and integrity within GLCs to a level on par with multi-national corporations.



The purpose of the establishment of IGU is to ensure the practice of excellent work culture among employees with strong morals and ethics. This initiative will curb offences of corruption, abuse of power and malpractice. The Unit is tasked to carry out **FOUR** core functions, which are:

- A** Complaint Management
- B** Detection and Verification
- C** Integrity Enhancement
- D** Governance

As such, Cenergi has established a Governance and Integrity Committee (“GIC”) as the first step in our commitment towards fulfilling these objectives. The GIC is currently comprised of representatives from Corporate Services, Risk Management, Sustainability and Human Capital Management. The GIC will play a proactive role in ensuring that integrity and governance are well ingrained in the behaviour, mindset and actions of all Cenergians – after all, integrity is one of Cenergi’s Core Values. Moving forward, we expect that the GIC will play a critical role in shaping our culture as we move towards Cenergi 3.0.

CENERGI'S BIOGAS PLANTS UNDER CONSTRUCTION

At Cenergi, we are always striving to provide clean sources of energy and to reduce carbon emissions. As of 2019, Cenergi has successfully commissioned five biogas plants located in various locations in Peninsular Malaysia. In keeping up with the momentum, a total of eight other sites have been identified and are currently at different stages of construction. Constructing a biogas plant involves various stakeholders such as mill owners, various authorities such as the Energy Commission, TNB, SEDA, DOE, DOSH as well as our contractors.

In any projects, challenges come as part and parcel. One of the most notable challenges of constructing a biogas plant would be the topographical conditions of the site provided. Aspects such as type of soil, site elevation as well as local water table levels all play a role in a project. A key example would be our site at Chersonese Palm Oil Mill which is located approximately less than 10km from the beach. Due to that, water table levels are relatively higher than other sites causing the soil to exhibit poor consolidation properties, also known as "peat soil". These challenges contribute to additional measures needed in order to stabilize the soil for construction. On the other hand, our site in Felcrajaya Putra Palm Plantation is relatively elevated as it is situated on a hill. At Astana Endah site, a different obstacle arises where the mill is a newly commissioned mill. Due to this, no POME is being produced for the time being, which leads to the absence of treated POME to activate the anaerobic pond.

The year 2018 was a year of firsts for Cenergi's biogas division. Construction began for our first overseas biogas plant in Lampung, Indonesia with feedstock for the anaerobic digester lagoon derived from cassava mill effluent instead of the traditional POME. Being in a foreign country, with different regulations to adhere to, meant that adaptation and sharp learning curves were inevitable in both technical and commercial aspects of the project. The size of the plant is 3MW, which is almost twice the size of an existing local plant which meant the plant design would also be distinct from the existing plants in Malaysia.

In terms of design, all of Cenergi's previous plants have adopted the anaerobic digester lagoon system and only until recently, with the acquisition of Tennamaram, a tank system has been added into Cenergi's portfolio. With the new addition, it is hoped that Cenergi would be able to diversify its expertise which would make the company more prominent in the market. Our project partners which are often the mill owners, can also provide their input in terms of design. Using FJP as an example, two anaerobic digester lagoons were constructed instead of one in order to accommodate the mill's plan to increase its capacity. Another example would be the Samarahan project whereby we are providing EPC only for the covering of an existing anaerobic digester lagoon to comply with MPOB's mandate of having a methane capturing facility.

To summarize, with all the biogas plants currently under construction, no two plants are the same be it in terms of design or in terms of its challenges. With that said, only with the continuous support of everyone from Cenergi can we overcome these challenges and succeed. By the end of the year, two projects would be completed which are FJP and Samarahan, and also the start of construction for Sri Ganda, West and Sua Betong.



1.5MW FJP Biogas Plant with
2 Anaerobic Digesters



Covering of an Existing Anaerobic Pond
for Samarahan Project



Chersonese project site



Hamparan project site

SUDUT HCM



Pada 16 Ogos yang lepas, finance team diwakili oleh Ain Syuhada dan wakil HCM, Siti Hajar telah menganjurkan internal sharing session bertajuk “MBRS For Prepare Financial Statement”. Tujuan sharing session diadakan adalah untuk menambah ilmu pengetahuan ahli finance tentang MBRS dan fungsi nya di dalam penyata kewangan dan juga organisasi. Seramai 8 orang ahli finance telah menghadiri bengkel tersebut yang berdurasi selama 2 jam.

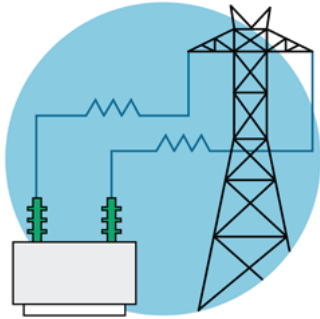
CARBON REDUCTION

Cenergi's Impact on the Environment
from our Biogas and Solar plants

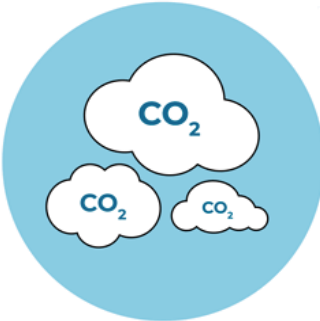
As of July 2019

Cenergi's Impact on the Environment
from our Energy Efficiency projects

135,090 MWh
Feedback to national grid



96,885 Tonnes
Carbon Savings



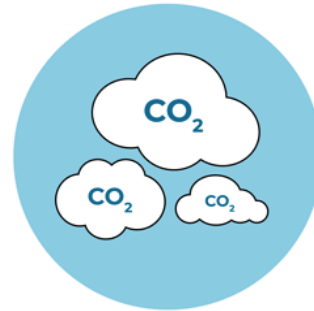
6
Operational Projects



RM 19.6 mil
Savings in energy costs



50,818 MWh
Total energy savings



134,930 tonnes
Carbon savings



4
Operational Projects



EDITOR'S NOTES



Hello Cenergians,

As we know, our recent 3rd Townhall Midyear Review had given us a clearer picture of the progress Cenergi has achieved altogether since April. The sharing session focused on the importance of picking up the hiccups to attain our board target to bring off positive EBITDA. It began with the company's performance from January to Jun and followed by the discussion on outlook for July to December 2019. Currently, we are expected to reach at negative EBITDA with figures \pm RM3.5 mil at the end of the year. Cenergians, it is time for us to change our game plan by fast-track our revenue and manage the company cost. Moreover, each of us should instilled the integrity value through well understanding on Performance Moderation System initiative introduced by the Human Capital Management. Before I sign off, kudos to the Corporate Finance team, we have secured RM100 mil from MIDF and CCB to support our biogas business expansion. It is true indeed that growth is never by mere chance; it is the result of forces working together.

AZANA FARIZA
HEAD OF CORPORATE AFFAIRS

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