



SUSTAINABILITY REPORT

20
21

ABOUT THE REPORT

- This Sustainability Report focuses on the sustainability strategy, practices, priorities, targets and performance of our operations across key markets during the financial year ended 31 December 2021
- This Report is approved by the Board and prepared in accordance with Global Reporting Index (GRI) Standards: Core Option, Singapore Exchange Securities Trading Limited Listing Rules 711A, 711B and Practice Note 7.6, Sustainability Accounting Standards Board (SASB), Standards (Aerospace & Defence), and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- ST Engineering is a signatory of the United Nations Global Compact and is committed to the 10 Principles; This Report serves as the first Communication of Progress
- Stakeholders are advised to read the **ST Engineering's Annual Report 2021** for more information on the Group's business and financial performance

WHERE YOU SEE THESE ICONS



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This points to related information in the report



This directs you to an external video

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BOARD STATEMENT ON SUSTAINABILITY

→ The Board of Directors oversees the management of material environmental, social and governance (ESG) factors for ST Engineering and takes them into consideration in setting the Group's strategic direction.

We remain steadfast in positively impacting people's lives and the health of our planet by operating responsibly in our communities and the wider global ecosystem. We create value by addressing real-world problems, including those related to climate change, urbanisation and pandemics. We harness technology and innovation to enable a more secure and sustainable world.

We link a range of operational, financial and non-financial key performance indicators to our material ESG factors to encourage the adoption of strategies and practices that are aligned to the sustainable and long-term success of the Group.

MESSAGE FROM GROUP PRESIDENT & CEO

Dear shareholders,

ST Engineering is committed to sustainability.

2021 has been an eventful year for our sustainability journey, as we stepped up to decarbonise and better organise ourselves for sustainability across the Group.

Our efforts include:

- Setting a target to halve our absolute greenhouse gas (GHG) emissions by 2030 compared to 2010, as we continue our journey alongside global efforts towards net zero;
- Integrating sustainability considerations into our latest five-year business plans;
- Launching Group-wide Eco-Initiatives to further increase eco-consciousness in our workplaces and align our work habits and culture;
- Being accepted as a signatory of the UN Global Compact (UNGC) and committing to its 10 principles in the areas of Human Rights, Labour, Environment and Anti-Corruption;
- Launching a new innovation platform - In.Vent - as a pathway for the Group to build new ventures, with a strong emphasis on business and sustainability impact; and
- Incorporating Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) reporting elements in our Sustainability Report.

OUR APPROACH

We aim to positively impact people's lives and the health of our planet by being a responsible global citizen. We do this by harnessing technology and innovation to address real-world problems. We also incorporate ESG practices into our businesses globally.

DOING OUR PART

We continue to reduce our impact on the environment, bring value to our people and maintain a high standard of governance practices. These actions build trust and credibility with our wide range of stakeholders.

We increased the number of buildings with solar photovoltaic (PV) systems to 39 in our Singapore operations. In the spirit of the circular economy, we provided over 1,000 decommissioned laptops to be refurbished for school children from families in need, to help in their home-based education. We contributed \$2.8m in our philanthropic efforts and community investments. This is to encourage volunteerism among our employees and positively impact our communities. We significantly enhanced our policies for export control and intermediaries and strengthened our governance processes and disclosures.

ENABLING OUR CUSTOMERS

We are committed to enabling a sustainable world through our products and solutions.

Our aerospace products and conversion solutions significantly extend the life of aircraft. Our first floating power plant enables a reduction in emissions. Our suite of Smart City solutions helps cities reduce energy consumption and traffic congestion.

A PURPOSE-DRIVEN GROUP

ST Engineering will continue to harness technology and innovation to enable a more secure and sustainable world. Our focus is on long-term resilience and sustainable value creation for all our stakeholders – customers, employees, communities, shareholders, regulators and suppliers.

Sincerely,

→ **VINCENT CHONG**

Group President & CEO

28 February 2022

Sustainability Highlights

→ GHG Emissions

30%

reduction in absolute
GHG emissions over
2010 base year



→ Green Energy

8%

of electricity consumption
from Singapore operations
derived from solar PV systems
on 39 buildings



→ Economic
Contributions

\$7.2b

by the Group



→ Corporate Community
Contributions

\$2.8m

worth of community
contributions by the
Group and employees



→ People Managers

15%

of male
employees
are people
managers



14%

of female
employees
are people
managers



→ Continuous
Improvement

\$23.5m

of realised productivity
savings from continuous
improvement programmes

→ Average
Training Hours

21 hours

per employee

→ Safety Culture

112

workplace safety and
health activities to
promote a safety culture

→ Bribery
and Corruption

Zero

cases

OUR SUSTAINABILITY APPROACH

SUSTAINABILITY FRAMEWORK

ST Engineering believes that creating sustainable value for our stakeholders is essential to the Group's success. Our business processes reflect long-term and multi-stakeholder considerations, balancing customers' needs today with longer-term developments. We strive to offer products and solutions that enable our customers to operate sustainably.

OUR APPROACH

We aim to positively impact lives of people and the health of our planet by being a responsible global citizen and acting as an effective enabler of a sustainable world, harnessing technology and innovation to address real-world problems.

We act responsibly – from the way we treat employees and stakeholders to how we procure, consume and produce. We comply with all applicable laws and regulations in the jurisdictions where we operate. We place safety above profit, contribute to our local communities, and have zero tolerance for fraud and dishonest conduct. We actively protect our data and those entrusted to us. We also do our part for the environment by leveraging renewable energy, conserving resources and recycling our waste.

Our products and solutions support our customers on their sustainability journeys across multiple domains, such as aviation and smart cities. We provide trusted solutions that enable our customers' businesses, augment their capabilities, and support communities and cities in becoming more secure and sustainable.

Responsible Global Citizen

Doing Our Part

Building Trust & Managing Risks



Enabler of a Sustainable World

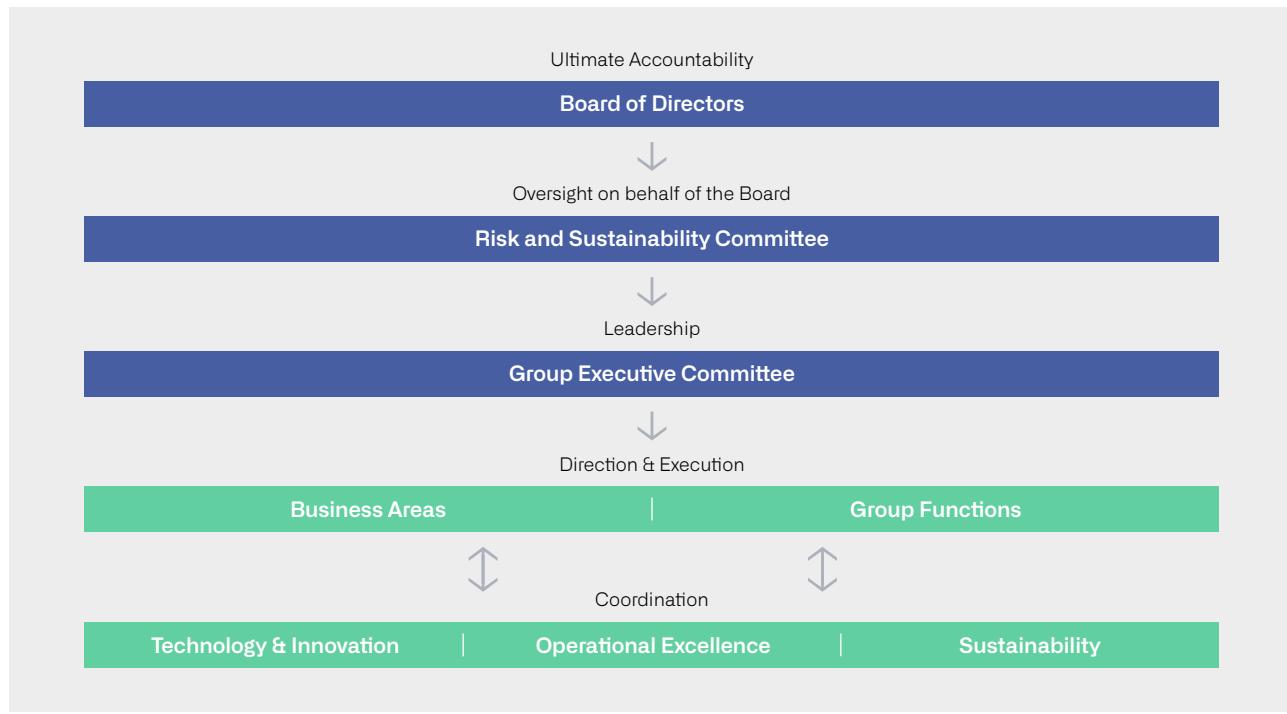
Enabling Our Customers

Growing with Partners & Seizing Opportunities

OUR SUSTAINABILITY APPROACH

OUR GOVERNANCE STRUCTURE

GOVERNANCE STRUCTURE FOR SUSTAINABILITY



The Group Chief Strategy & Sustainability Officer works with the Group Executive Committee (EXCO) and senior business leadership to ensure that sustainability is at the core of the Group's business strategy, and that ESG considerations are integrated into both our immediate and long term business plans.

Reporting to the EXCO, our business area management teams and Group Functions play critical roles in shaping and supporting our strategy. In addition, they work across the Group in key areas such as Technology & Innovation, Operational Excellence and Sustainability.

They are enabled by an annual planning process which is underpinned by our governance and enterprise risk management systems.

Sustainability is the responsibility of every ST Engineering employee. We enable this by mobilising teams across the Group at every level. This includes the Group Sustainability Team at Corporate, the Operational Excellence Specialist Teams, the business area Sustainability Focus Teams, the Eco-initiatives Team, to the various operations-level teams and individuals across our global sites. Every employee's effort is important to ST Engineering's sustainability journey.

Board of Directors

Provides strategic direction and considers sustainability issues, including the management of material ESG factors in the formulation of the Group's strategies and policies.

Risk & Sustainability Committee

Assists the Board by setting direction and providing oversight on risk, internal controls and sustainability matters. It also reviews and approves the annual risk and sustainability workplan.

Group Executive Committee

Leads the implementation of sustainability as an integral part of the Group's business strategy, including business plans, product and technology development and operational processes.

OUR SUSTAINABILITY APPROACH

OUR COMMITMENT

We are committed to conducting our business in a responsible manner. We adhere to labour laws and regulations where we operate and have zero tolerance for unethical labour practices such as child labour, forced labour, slavery and human trafficking in any of our operations.

We prohibit discrimination and harassment at our workplaces, and are committed to safe and healthy working conditions and the dignity of the individual. We support the right to freedom of association, and encourage effective communication and consultation.

[Read our Code of Business Conduct and Ethics](#) 

Our commitments are guided by international human rights principles encompassed in the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights. These principles of respecting people's dignity and their inherent rights are reflected in our policies, operations and relationships with our stakeholders.

[Read our Vendor Code of Conduct](#) 

HOW WE PRACTICE OUR COMMITMENT TO HUMAN RIGHTS

Suppliers

We expect our supply chain partners to adhere to business principles consistent with our own, outlined in our Vendor Code of Conduct. This includes the fair and ethical treatment of labour within their own companies, as well as that of their suppliers.



Customers

We offer products and services that generate a positive impact for our customers as well as the communities they serve. This includes improvements in quality of life, health, safety and security.



Employees

All our workers are required to adhere to honest and ethical conduct and act in accordance to our Code of Business Conduct and Ethics. This includes treating each other with respect, and abiding by our core values of Integrity, Value Creation, Courage, Commitment and Compassion.



We do not design, produce or sell anti-personnel mines, cluster munitions, white phosphorus munitions and their related key components.

We have zero tolerance for fraud and corrupt practices, and our Code of Business Conduct and Ethics (Code) forms the backbone of our commitment to ethical business conduct and regulatory compliance. We continue to commit to meeting all relevant regulatory and customers' contractual requirements, including those relating to cybersecurity, data governance and protection and business continuity. We source responsibly and invest in the people and the communities where we operate.

In support of our Code and good corporate governance practices, we established enterprise risk management and compliance policies and processes applicable.

Beyond full compliance with legal and regulatory requirements, we align our management systems to international and industry standards. Our enterprise risk management policy provides directions for managing and reporting enterprise risks across the Group, with the objective of building a robust risk management process where enterprise risks are evaluated, monitored and treated in a holistic and integrated manner. Accordingly, our processes adopt a precautionary approach, with risk identification being carried out at the initial stage as well as continuously as the business or project progresses. Risk analysis comprises material internal and external analysis to ensure that all aspects are considered.

[Learn about our Enterprise Risk Management Framework](#) 

OUR SUSTAINABILITY APPROACH

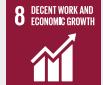
ST Engineering is a signatory of the United Nations Global Compact (UNGC) in 2021, supports its Ten Principles and is committed to advance the broader goals of the United Nations Sustainable Development Goals (UN SDGs). References on the practical actions taken to implement the UNGC principles, in each of the four issue areas (human

rights, labour, environment and anti-corruption) can be found in the UNGC Index pages.

Learn about our
UNGC COP



We affirm our support of all 17 UN SDGs and identified six goals where the Group has more contributions in terms of our internal practices, and the products and services we offer to our customers.

Why is it more relevant	How we Contribute	UN SDGs
We provide meaningful and sustainable jobs, and contribute to the economic growth of the communities we operate in.	<ul style="list-style-type: none"> Creation of gainful employment wherever we operate Generation of business opportunities for local institutions and small-medium enterprises Payment of government taxes and levies Enhancement of local communities' wellbeing through corporate community contributions 	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>
We enable our customers and support industry ecosystems in building resilience and fostering innovation.	<ul style="list-style-type: none"> Provision of products and services that help build and maintain resilience of infrastructure, including critical infrastructure at city and national level Partner with local and global companies to create value and strengthen the industries we participate in Incorporation of sustainability as part of our strong innovation culture 	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>
We harness technology and innovation to enable cities and communities to be more secure and sustainable.	<ul style="list-style-type: none"> Smart mobility to reduce congestion and increase productivity Smart environment solutions to reduce greenhouse gas (GHG) emissions Robust digital platforms enabling secure and time-sensitive communication and enhancing city and building management Cybersecurity and physical security solutions 	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>
We stay lean and minimise the environmental impact of our operations and are committed to enabling the circular economy.	<ul style="list-style-type: none"> Offer a wide range of conversion solutions, including for aircraft (Passenger-to-Freighter), ships and vehicles, that can extend the life of valuable assets Responsible production through upfront sustainable design considerations and strict adherence to industrial standards and regulatory requirements Responsible consumption through responsible procurement and lean operations backed by a strong continuous improvement and innovation culture 	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
We play our part to help address the global challenges of climate change.	<ul style="list-style-type: none"> Development of greener products and services Reduction of GHG emissions Reduction of water consumption Reduction of waste through Reduce, Reuse and Recycle initiatives 	 <p>13 CLIMATE ACTION</p>
We have a strong heritage in public security and have zero tolerance for unethical behaviour.	<ul style="list-style-type: none"> Development of products and services to help maintain peace, public security and safety Maintenance of a strong Code of Business Conduct and Ethics Engagement with suppliers on our Vendor Code of Conduct 	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>

OUR SUSTAINABILITY APPROACH

MEASURING PERFORMANCE

We measure a range of financial, non-financial and operational Key Performance Indicators (KPIs). These have a significant impact on the resilience and sustained performance of our Group's businesses globally, whether in the short, medium or long term. Our KPI areas include those indicated in the table on the right.

We design the remuneration of our senior management executives to motivate them to strive for sustained growth and adopt strategies aligned to the long-term performance of the group. The remuneration package comprises components linked to the achievement of annual performance targets, including material risks and sustainability performance.

Learn more about our Executive Remuneration Structure 

Financial Performance

- Revenue, Profit, Working Capital

People Development

- Learning & Development
- Performance Management

Operational Excellence

- Continuous Improvement
- Health & Safety
- Quality

Technology & Innovation

- R&D Investments
- New Products & Services
- Venture Building

Environment

- GHG Emissions
- Water & Waste

OUR SUSTAINABILITY APPROACH

MATERIAL STAKEHOLDERS & ENGAGEMENT

ST Engineering believes that creating sustainable value for all our stakeholders is essential to the Group's long-term success. Engaging our stakeholders regularly enables us to understand and address their concerns, and strengthens crucial relationships which our business relies on.

Material stakeholders are identified as part of the ST Engineering's enterprise risk management process, based on the magnitude these parties can impact or be impacted by the Group's activities.

Stakeholder	Our Responsibility	Engagement efforts
 Customers	We forge enduring relationships with our customers and make sure our products and services stay relevant, are safe and reliable, and meet their expectations. We do what it takes to understand our customers, their needs and their challenges. We work closely with them to co-create solutions that enable them to be more effective in their operations.	<ul style="list-style-type: none"> Regular customer surveys Company visits Customer service training for all relevant employees Regular project review meetings Technology seminars Dialogue sessions
 Employees & Other Workers	People are our most valuable asset. We focus our efforts in growing and enhancing their capability and capacity, strengthening a passionate and engaged workforce, and being at the forefront of people practices.	<ul style="list-style-type: none"> Regular townhalls Annual Business Conventions Continuous performance discussions Team activities, including celebrations, teambuilding and wellness initiatives News updates via our Corporate Intranet
 Local Communities	We contribute to the development of our host communities. We act responsibly, protect the environment and contribute to our communities' wellbeing through our corporate community contributions. We also work closely with local government agencies to support their economic development imperatives that are in line with our growth plans. Where possible, we ensure that our health & safety policies, including pandemic precautions, protect our community beyond our workplaces.	<ul style="list-style-type: none"> Corporate community contributions Collaborations with educational institutions to develop STEM (Science, Technology, Engineering and Mathematics) talents Partnerships with small-medium enterprises Support our workforce by implementing health & safety policies to protect them
 Regulators & Government	We disclose pertinent information in a clear and concise manner and on a timely basis. We comply with legal and regulatory requirements in the jurisdictions where we operate in.	<ul style="list-style-type: none"> Providing feedback to the public Regulatory consultation exercises Incorporate trends and learning points in our business through regular engagements with regulators and governments
 Shareholders & Investors	In line with our strong emphasis on corporate governance, we continue to build investor trust and confidence through open dialogue and two-way communication with shareholders and the investment community.	<ul style="list-style-type: none"> Quarterly market update Half-yearly financial results briefings Investor conferences and roadshows Investor Day Annual General Meeting & Extraordinary Meeting Facility visits Group and one-on-one meetings
 Suppliers & Collaborators	We cultivate strong, ethical and mutually beneficial relationships with suppliers and collaborators. Our worldwide partners are the cornerstones of our global businesses.	<ul style="list-style-type: none"> Engagements with partners including strategic programmes with small and medium-sized enterprises Surveys and feedback sessions with suppliers on procurement policies

OUR SUSTAINABILITY APPROACH

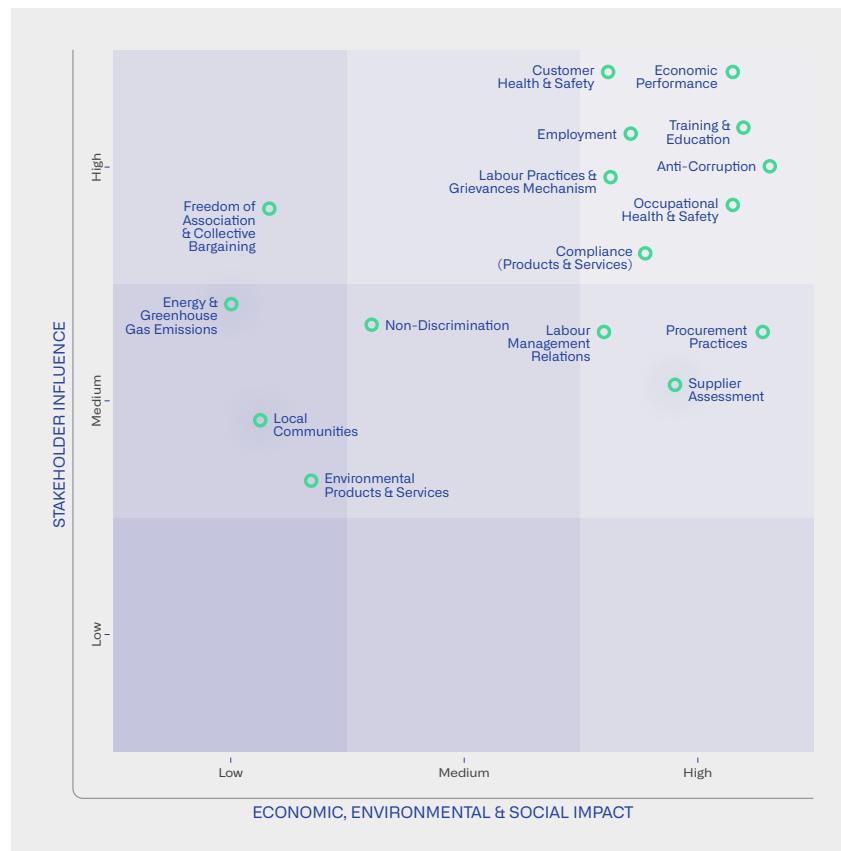
MATERIALITY ASSESSMENT

In assessing materiality, ST Engineering considers factors that impact our businesses and our stakeholders, from both the financial and non-financial perspectives. Our key stakeholders include shareholders and investors, customers, regulators and governments, employees and other workers, suppliers and collaborators, and local communities.

In 2013, the Group's Risk Management Department conducted our first materiality assessment according to GRI G4 guidelines. Material ESG factors were identified and responsibilities for management and reporting were assigned to each material factor owner. The material factors were mapped onto the key business risks of the Group to ensure completeness and a clear understanding of the risks each material factor posed. In 2015, the key business risks and material factors were reviewed and revisions were made where relevant.

In 2019, the Group's material ESG factors were reorganised into ten areas for greater focus and clarity. They were mapped into Environmental, Social and Governance categories and aligned with the UN SDGs.

Due to the evolving business environment and the recent reorganisation in 2021, the Group will conduct a review of its material ESG factors in 2022.



OUR SUSTAINABILITY APPROACH

ASSURANCE & VERIFICATION

ST Engineering is committed to providing a balanced and accurate sustainability report. The information disclosed is compiled from the submissions of our business entities worldwide.

Our Group Risk & Assurance team verified this report from two perspectives:

1. At the process level, to ensure that it is robust and comprehensive
2. At the data level, to ensure that it is accurate and supported by proper documentation

The GHG emissions data reported by our Singapore entities are verified under ISO 14064-1:2006 – Greenhouse Gases by Lloyd's Register Quality Assurance Ltd (LRQA). For 2021, all Singapore entities are consolidated under a single statement.

We are extending external verification for GHG emissions to all our material entities worldwide progressively over the next 2 years. We will also be transitioning in 2022 to the ISO 14064-1:2018 – Greenhouse Gases standard.

Our intention is for the external verification and assurance of our Sustainability Report to be done progressively in stages.

View our
External Assurance Statements 

OUR SUSTAINABILITY APPROACH

CLIMATE CHANGE

The effects of climate change have become increasingly pronounced. ST Engineering is aligned with our stakeholders' efforts to act responsibly and combat climate change. This includes implementing TCFD recommendations. In 2021, we joined the Singapore Low Carbon Network (SLCN) as an inaugural member. The SLCN aims to advance the sharing of best practices and insights on key carbon measurement and decarbonisation topics.

Governance

The Board provides oversight on all sustainability matters, including climate-related risks and opportunities. Briefing sessions on climate-related topics are conducted periodically for the Board, while detailed discussions on actions to be taken, are carried out by the Board's Risk and Sustainability Committee.

The EXCO is accountable to the Board for the implementation of these climate-related strategies and directions. Business leaders at all levels are responsible for addressing the risks and opportunities in their respective business areas. Plans and actions needed are discussed at various management fora and incorporated into the strategic planning and annual budgeting processes.

The Group Chief Strategy & Sustainability Officer assists the EXCO in ensuring that the impact of climate change is taken into consideration in all business strategies and plans. Various committees, working groups and focus teams across the Group and its business areas support the execution of these plans. In particular, the Operational Excellence Steering Committee (OESC), comprising the global operations leaders across all our business areas, is a key platform for integrating and executing these efforts.

Strategy

We identify sustainability-related risks and opportunities as part of our annual five-year strategic plan review. This is discussed and endorsed by the Board's Strategy and Finance Committee, and forms the foundation for initiatives relating to climate change in subsequent years.

Risk Management

A preliminary Physical Climate Risk Assessment was carried out for our major operating sites across the world in 2021. An in-depth climate risk assessment for key vulnerable locations will follow in 2022. We will also be examining our transition risks as we move into low carbon products and operational processes, including more detailed studies on the supply chains of our business areas.

Metrics & Targets

We have identified relevant climate-related metrics and targets, and these are elaborated under the respective material ESG factors in this report.

OUR SUSTAINABILITY APPROACH

MATERIAL ESG FACTORS

	Why it is Material	How We Manage It	UN SDGs
ENVIRONMENT	<p>Environmental Protection Climate change is an issue of urgency and importance. A low carbon business strategy is not only good for the environment, but also enables us to better respond to climate change related regulations and price volatilities of hydrocarbon resources.</p> <p>Productivity Staying lean, efficient and effective in our systems and process, optimises the use of our resources and is fundamental to maintaining our competitive edge.</p> <p>Green Products & Services Cities and organisations around the world are looking to minimise their carbon footprint while reducing operating costs.</p>	<p>Environmental efforts are coordinated by the Environment Committee. All our material business units in Singapore are certified ISO 14001 Environmental Management Systems. Our global operations abide by relevant environmental regulations and requirements.</p> <p>Productivity efforts are coordinated by the Continuous Improvement Committee. Initiatives such as Kaizen, quality action teams and value innovation teams are embedded into day-to-day operations. We empower employees to identify and eliminate waste and also recognise exemplary contributions.</p> <p>Our technology community actively looks into the design and development of products that are more sustainable. Our engineers incorporate green considerations not just into end products, but also into responsible production and through-life support. Through these efforts, we are able to empower and enable our customers to become more sustainable.</p>	 
SOCIAL	<p>People Excellence We are only as strong as our people. With a capable, motivated and agile workforce, we are able to strengthen our talent pipeline to pursue sustainable growth.</p> <p>Total Workplace Safety & Health We are committed to "Safety Before Profit". A safe and healthy workplace protects workers from injury, stress and illness, and also reduces absenteeism and turnover. It also increases productivity and raises employee morale. This duty of care extends to our visitors and contractors working within our premises.</p> <p>Quality Products & Services Customers rely on us to meet their operational needs. Our products must be compliant with all relevant regulations and be safe to produce, operate and maintain. It must also be reliable over the product's lifecycle. In addition, our services must meet our customers' requirements and be delivered at the promised quality and within the committed turnaround time.</p> <p>Responsible Procurement We depend on a resilient and sustainable supply of goods and services to meet our business needs. We are committed to managing our suppliers ethically and working with them to ensure a responsible supply chain.</p> <p>Economic Performance Inclusive growth and value creation for our stakeholders are key to our long-term viability. We are committed to delivering a sustainable and balanced triple bottom line of "People, Planet, Profit."</p> <p>Corporate Community Contributions We are committed to being a good corporate citizen in the places where we operate. Making a positive impact in our host communities is aligned with our core value of compassion.</p> <p>Ethical Business & Regulatory Compliance We comply with applicable laws and regulations in the jurisdictions where we operate. We have zero tolerance for fraud and corrupt practices. In addition, we actively protect our data and those entrusted to us by our stakeholders.</p>	<p>Our people and culture strategy seeks to enhance our capability and capacity for growth, build a passionate and engaged workforce, and position us at the forefront of people practices. This proposition is realised through talent attraction and management, career development, diversity and inclusion, a fair reward system, work-life integration and harmonious union relations.</p> <p>Workplace safety and health efforts are coordinated by the Workplace Safety & Health Committee. All our material business units in Singapore are certified ISO 45001 Occupational Health and Safety Management Systems. Our global operations abide by relevant workplace safety regulations and requirements.</p> <p>Our quality efforts are coordinated by the Quality Committee. The majority of our operations are certified ISO 9001 Quality Management Systems or equivalent. We design, manufacture and service our products in accordance with industry standards and meet all regulatory requirements. In addition, we actively work with our suppliers and collaborators to ensure that we provide high quality bought-in parts and services. We also regularly seek feedback from our customers to continuously improve our products and services.</p> <p>Our procurement community champions the effective management of our suppliers to align business behaviours, drive greater efficiencies, streamline processes and build greater resilience. We work with our suppliers to embed responsible procurement principles into our processes.</p> <p>Our strategic planning community reviews the Group's strategy in the context of global trends and developments. Our operations and support function teams focus on operational excellence to ensure that we continue to add value to our stakeholders and impact our communities in a positive manner.</p> <p>Corporate community contributions are coordinated by the Corporate Social Responsibility Committee. We measure, report and communicate our corporate community investments and philanthropy efforts.</p> <p>The Risk & Assurance function oversees matters relating to governance, risk and compliance. It has put in place a regulatory compliance framework to continually train our global workforce on our Code of Business Conduct and Ethics. The department also works with relevant functions and operations to strengthen compliance.</p>	 
GOVERNANCE			 

ENVIRONMENTAL

ENVIRONMENTAL PROTECTION

WHAT WE ACHIEVED IN 2021

- Set a new GHG emissions target for our global operations: 50% absolute reduction by 2030, compared with 2010
- Expanded data reporting to include U.S. and Europe operations

→ We recognise the impact of climate change and the importance of addressing it. We believe in conserving resources and conducting our operations more efficiently to minimise GHG emissions and reduce pollution and waste.

GHG EMISSIONS, RENEWABLES AND ENERGY EFFICIENCY

In 2021, the Group achieved a 30% absolute reduction of GHG emissions with 2010 as the base year. This translated to a 46% reduction in intensity. While there was a slight increase in emissions as operations recovered from 2020 the Group is still on track to achieve the target of a 50% absolute reduction by 2030.

Our Singapore operations consolidated their efforts into a single GHG emissions assurance statement. Our GHG emissions were verified in accordance with ISO 14064-1:2006 Greenhouse Gases. In 2022, we plan for the external assurance process to be aligned with ISO 14064-1:2018.

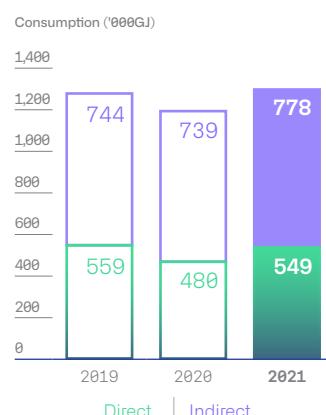
We continued our roll out of solar photovoltaic (PV) systems across our global operations to increase the proportion of renewables in our energy mix. We added about 44,000m² of solar panels in Singapore, bringing the total to 110,000m². This increased the number of buildings with solar panels deployed to 39, compared with 24 in 2020.

In our Singapore operations, the solar PV systems generated 8% of the total electricity used. This was the same proportion as in 2020, as our businesses ramped up from a lower production rate.

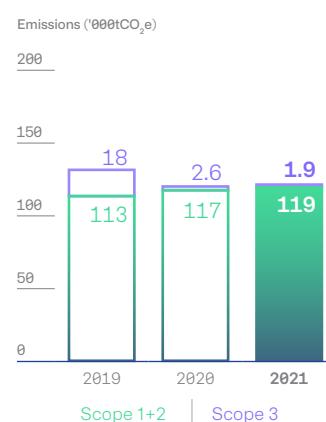
Our business units in Singapore initiated the use of electric vehicles with a pilot of eight vehicles and two charging stations. We intend to replace the current fleet of internal combustion engine vehicles in phases over the next few years.

Our businesses continue to replace production equipment and cooling systems to reduce GHG emissions.

→ ENERGY CONSUMPTION



→ GHG EMISSIONS



ENVIRONMENTAL

→ Environmental Protection

WATER CONSUMPTION AND CONSERVATION

In 2021, our water consumption intensity decreased by 15% compared to the intensity in our 2015 base year.

We introduced initiatives including a water harvesting pilot where we collected and reused rain water for aircraft washing at our hangars, and stepped up communication efforts to heighten awareness and shape behaviour towards water conservation.

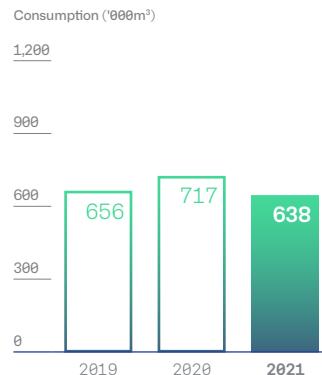
WASTE MANAGEMENT AND RECYCLING

In 2021, our Singapore operations recycled 78% of 5,900 tonnes of waste generated. The recyclables included metal, wood, batteries and paper products.

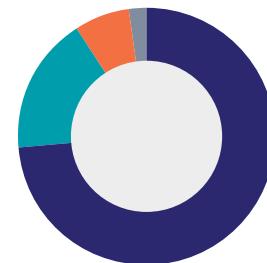
FINES

We had no significant fines or non-monetary sanctions related to environmental issues in 2021.

→ WATER CONSUMPTION¹



→ WASTE RECYCLED¹



Notes:

1. SGP: Material Singapore operations.
2. Scope 1: Direct GHG emissions from sources owned or controlled by the Group.
3. Scope 2: Indirect GHG emissions from the generation of purchased electricity consumed.
4. Scope 3: Indirect GHG emissions from business travel by air.
5. 2021 figures have been internally verified.

	(%)
Metal	73
Wood	18
Batteries	7
Paper	2

KEY GOALS FOR 2022

→ Continue to reduce absolute GHG emissions and expand initiatives globally, especially in renewable energy use

→ Continue to reduce waste generation from operations and maintain waste recycling at 50% or better



ENVIRONMENTAL

→ Environmental Protection

MANAGEMENT APPROACH

ST Engineering's Board, EXCO and senior management are committed to a pathway towards net zero. In addition, stewardship of resources, including energy, water, and non-renewables are essential to the competitiveness of the Group.

Commitment

In 2021, we set a new target to achieve a 50% absolute Scope 1 and 2 GHG emissions reduction by 2030 compared to a 2010 base year. We will also continue to track overall emissions intensity for the Group. Over the next three years, we will also be expanding the tracking and disclosure of Scope 3 GHG emissions. The goal is to have a comprehensive global GHG emissions inventory by 2024, and to subsequently have the data externally verified under ISO 14064-1:2006 - Greenhouse Gases.

With our commitment to the TCFD journey, the Group has begun to report on both risks and opportunities from climate change, and will expand this reporting over the next 2 years.

More details on our
TCFD efforts are available on page 13



Governance and Organisation

The Group integrated multiple operations optimisation efforts into the Operational Excellence Steering Committee (OESC) in 2020. This comprises the operations leaders of each business area. In 2021, the OESC's Environment Committee was formed comprising representatives from each business area to focus on data gathering, reporting and initiatives for:

- GHG emissions
- Energy (fuel, electricity, heating, cooling)
- Water (including recycling)
- Waste (including recycling)

The Environment Committee also advises the respective business area management teams and project manages key environmental initiatives across the Group.

Our integrated Environment, Health and Safety (EHS) policy and Environmental Pledge sets out our environmental expectations and standards.

Environmental, Health and Safety (EHS) Policy

ST Engineering is committed to achieving sustainable growth through sound environmental practices, and healthy and safe workplaces.

We shall promote healthy lifestyles and prevent injuries and occupational illnesses through proactive risk assessments and mitigations.

We shall comply with all regulatory requirements and relevant international EHS standards.

We shall contribute to the protection of our environment by proactively reducing our carbon footprint, including minimising our consumption of energy and water resources.

We shall communicate our EHS policy with our stakeholders and encourage open reporting and sharing of information.

We shall periodically review our set goals and continually enhance our practices and controls.

Environmental Pledge

"We at ST Engineering are committed to a Sustainable Environment."

We pledge to **Consume Responsibly**, adopt **Sound Environmental Practices** in the course of our business, and contribute to the mitigation of climate change through the development of **Greener Products and Services**.

We shall, through our diligence and continuous improvement efforts, strive towards **Net-Zero Emissions and Zero Waste**."

www.stengg.com

Emissions

In 2014, the Group set a target for its Singapore operations to reduce GHG intensity by 16% by 2025, compared to a 2010 base year. This target was raised in 2018 to 36% by 2030, in alignment with Singapore's Nationally Determined Contribution pledge. This was met in 2019 and in 2021 we committed to achieve a 50% absolute Scope 1 and 2 GHG emissions reduction by 2030 compared to a 2010 base year. Our material Singapore business units' GHG emissions are validated in accordance with ISO 14064-1:2006 - Greenhouse Gases by a reputable third party auditor. We continue to reduce our emissions through the following:

- Optimising the energy efficiency of workplace processes and replace existing equipment with more energy efficient models when due for replacement
- Preventing the contamination of surrounding air using air pollution control equipment such as scrubbers and spray booth exhausts
- Monitoring and minimising stack emissions and the level of air pollutants
- Reducing Scope 1 emissions by optimising our operational activities such as delivery runs, engine test cell usage and vehicle testing
- Reducing Scope 2 emissions by installing solar PV systems across our global sites
- Reducing Scope 3 emissions by reducing air travel and conducting virtual meetings where possible

ENVIRONMENTAL

→ Environmental Protection

Sources of Conversion Factors, Methodology, and Calculation Tools:

Density of Aviation Kerosene	Environmental Technology Centre, Environment Canada	
Acetylene Emission Factor	Acetylene Emission Factor	
Singapore Grid Electricity Emission Factor	Energy Market Authority - Singapore	
Density of Motor Gasoline and Diesel	The Engineering ToolBox	
Emission factors and Net Calorific Values (NCV) for Aviation Gasoline, Motor Gasoline, Diesel, LPG and CNG	2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2	
Density of Natural Gas	The Engineering ToolBox	
Global Warming Potential Values	GHG Protocol	

The following gases are included in our computation for conversion to CO₂ equivalent – CO₂, CH₄, N₂O, PFC5, HFC5 and SF6.

The base year for GHG emissions calculations is 2010, as the Group established its initial GHG inventory process in 2009 for Singapore operations.

The GHG emissions data collection widened to include our global businesses and acquisitions. The base year emission was recalculated, where applicable, or estimated using proxies. As of end-2021, our 2010 base year GHG emissions is estimated to be 170,000tCO₂e.

Energy Efficiency

We do our part in mitigating and adapting to the effects of climate change by implementing initiatives that enable energy efficiency and efficient resource management. Our efforts include:

- Acquire equipment that are certified to be energy efficient
- Install additional solar PV systems on our premises
- Use energy efficient lighting and replacing legacy lighting systems
- Conduct energy audits and improve production energy efficiency

Water Management & Conservation

Our businesses use water from municipal sources in their facilities mainly for cooling, cleaning, general sanitation and operational activities, such as aircraft and vehicle washing. In 2016, we set a water usage intensity reduction target of 15% on a business-as-usual basis by 2025 with 2015 as base year for our Singapore operations. We continue to:

- Install smart water meters at more locations to enhance tracking
- Install water saving devices such as water thimbles and flow reducing valves
- Promote water conservation awareness through toolbox briefings and campaigns
- Perform regular checks to detect leakages in pipes and faucets
- Optimise our operations to reduce usage of water

Waste & Effluent Management

We regularly promote 3R (Reduce, Reuse and Recycle) initiatives to help with the following:

- Reduce the use of materials and consumables
- Reduce the use of paper
- Reuse existing resources such as wooden pallets
- Recycle waste oil, manufacturing materials, paper and e-waste

To manage our toxic waste and effluent, we do the following:

- Optimise processes to reduce the generation of toxic waste and effluent
- Consolidate toxic waste at designated points for collection by licensed toxic waste collectors
- Ensure that necessary licensing is obtained and effluent discharge criteria are all met before discharging into the waterways and sewage systems
- Comply fully with national/local regulatory requirements (e.g. Singapore National Environment Agency - NEA) regarding the safe handling of radioactive materials used in non-destructive testing

Noise

Certain segments of our operations generate noise and we strive to be a good neighbour in the communities where we operate. Our measures include:

- Monitor and review noise emission levels from our operations
- Keep all noise within legal limits and within permitted hours
- Replace noisy equipment with quieter models and provide sound insulation where applicable
- Conduct boundary noise checks in accordance with regulatory guidelines

ENVIRONMENTAL

→ Environmental Protection

GROUP-WIDE ECO-INITIATIVES

ST Engineering expects our employees across our global business units to be responsible for sustainability. In 2021, we launched the Group-wide Eco-Initiatives to enhance eco-consciousness and reinforce the existing eco-practices across our global operations. This focused on three areas of stewardship, attitudes and actions.



1) Conserve

We focus on using only what resources we need and are constantly looking for ways to reduce our environmental footprint.

Many business units across the Group have installed energy efficient fittings such as smart lighting and motion sensor water taps to conserve electricity and water. Units also renewed their conservation publicity drives to remind all staff to switch off lights when not in use.

Other efforts implemented include:

- Installation of smart meters to detect water leakage and provide data on the consumption profile, which is analysed to help develop more targeted initiatives
- Use of data analytics to optimise the energy consumption of building cooling systems
- Digitalisation (e.g. QR codes in offices, sites and at events to reduce the use of paper)

2) Bring-Your-Own

Across the world, our units are phasing out the use of single-use plastics, including styrofoam packaging and bottled water at our canteens and meeting rooms. We provide environmentally friendly alternatives to plastic disposable cups in meeting rooms, while others bring their own mugs. Our colleagues bring their own F&B containers for takeaway, and many of the units have pantries where dishware and utensils are available.

3) Recycle

We are streamlining the way we track the waste we generate. Where possible, we reuse and recycle. This is part of our commitment to a circular economy approach to our business operations – doing our part for our planet and communities, while improving our cost efficiencies.

We carried out two e-waste initiatives:

- Collection and consolidation of used company and employees' electronics in Singapore and Thailand
 - We donated more than 1,000 decommissioned laptops to Engineering Good, an NGO in Singapore and to Mirror Foundation, an NGO in Thailand;
 - Laptops are refurbished and will be distributed to school children from low-income families and to other charitable causes.
- Facilitation of recycling used electronics
 - Provision of segregated e-waste receptacles across our sites in Singapore;
 - E-waste brought by employees was sent for recycling together with our appointed waste collection vendor;
 - More than 1.5 metric tons of e-waste recycled.

ENVIRONMENTAL

PRODUCTIVITY

WHAT WE ACHIEVED IN 2021

- Achieved \$23.5m of realised productivity savings from continuous improvement programmes
- Rolled out continuous improvement programmes to business units in the U.S. and Europe

→ Harnessing technology and innovation to improve our processes and promoting skills upgrading are key drivers of the Group's productivity drive. By optimising resource efficiency, we minimise our environmental footprint.

Continuous Improvement (CI) is at the heart of our engineering heritage. Over the years, our CI initiatives have enabled us to work smarter and more efficiently.

Our budgeting tool allows for seamless collaboration across business functions while improving data accuracy and visibility. We introduced self-service online portals for our employees to request for mid- to back-office support. These service portals are capable of performance measurement and analytics that generate insights on areas for improvement.

In addition, we recognise the importance of upskilling our staff through CI training. While 5S, Kaizen and Root Cause Analysis are key tools used to improve work processes, we continue to grow our library of e-learning modules to ensure our staff are well trained on topics including problem-solving tools such as Value Stream Mapping (VSM) and Lean Management.

The Group achieved realised productivity savings of \$23.5m from continuous improvement projects. This does not include realised savings from the Group's Central Procurement initiatives, which saved another \$85.2m. We achieved a value added per employment cost of 1.53 for our global operations.

In 2021, four additional continuous improvement e-learning courses were deployed. Consolidating all e-learning courses into a single platform has improved their accessibility and usability.

Fifteen teams participated in the first ST Engineering Best-of-Best CI Award and showcased their accomplishments in value creation and productivity enhancements through the creative use of technology, innovation and CI tools. Cash prizes and sponsorships for a CI benchmark tour to share best practices with other business units were given to the winning team to recognise and leverage their achievements.

We set up a Group Continuous Improvement and Innovation framework which focuses on CI across our businesses. Our business units welcomed the introduction of this framework and are committed to promote CI culture across our global operations.

ENVIRONMENTAL

→ Productivity

Additive Manufacturing

We leveraged Additive Manufacturing (AM) to produce design-optimised parts for our customers within a more sustainable manufacturing ecosystem. AM effectively enables low-quantity, high-mix production, allowing us to produce near-to-shape products on demand and at locations close to our customers. This helps to greatly reduce waste, transport time and costs, enabling a leaner and more efficient supply chain. ST Engineering's AM Community of Practice continues to promote adoption of AM across the Group.

Read more about
Additive Manufacturing



iMaP Automation

The iMaP (Intelligent Mapping and Profiling) machine deployed at our Aerospace Engines workshop helps reduce engine vibrations in flight. It does this by automating engine blade weighing, profile measurement, part number capture, and blade sorting and distribution. Data collected is used for further analysis including compressor and turbine efficiency and vibration analysis. iMaP automation has enabled estimated savings of more than 2,000 manhours annually for CFM56-5B & 7B engine MRO.



Value Stream Mapping

VSM is an example of a Group CI tool. It helps define, analyse and optimise information and material flow throughout a given process. VSM also provides an overview of constraints and delays in a process, allowing the relevant stakeholders to investigate, as well as identify areas for improvement and correction in a timely manner.



KEY GOALS FOR 2022

→ Increase year-on-year planned productivity savings by 5%

→ Drive and intensify CI activities through the newly established Group CI office



ENVIRONMENTAL

→ Productivity

MANAGEMENT APPROACH

Governance and Organisation

The management of the Group's productivity movement begins at the top levels of leadership and extends to employees throughout the company. The EXCO appointed the President, Commercial Aerospace, to lead all CI activities globally across the group. He oversees an Operational Excellence Steering Committee (OESC), which works together with leadership of each business area to formulate and disseminate the strategic direction and goals. Productivity efforts are coordinated by the OESC's Continuous Improvement Committee.

Implementation

The Group's productivity agenda focuses on six drivers:

- Enabling a productive work environment
- Encouraging innovation and use of technology
- Developing people and enhancing skills
- Organising work systems and reviewing work processes
- Adopting best practices through networking
- Measuring what matters

We believe that every employee is an expert at their job and recognise their contributions in identifying and eliminating waste and inefficiencies in our processes.

We embed CI activities into our day-to-day operations to drive productivity. Key actions undertaken include:

- Setting and tracking productivity targets
- Training our staff on continuous improvement tools such as 5S Housekeeping, DIVE, Kaizen, Quick Changeover, Pareto Analysis, Standard Work, Total Productive Maintenance and VSM
- Pursuing the use of new technology including automation, data analytics and digitisation such as Robotic Process Automation
- Organising the ST Engineering Best-of-Best CI Award to promote and recognise teams that demonstrate excellence in creating value and raising productivity
- Reviewing our structure, systems and processes periodically to achieve higher efficiency and effectiveness

ENVIRONMENTAL



→ We are committed to delivering products, services and solutions that enable our customers including airlines, aerospace OEMs, cities, government organisations and the maritime ecosystem on their sustainability journeys.

Our products, services and solutions focus on three key themes:



REDUCE GHG EMISSIONS

We reduce emissions by saving fuel, reducing waste, minimising road congestion, boosting energy efficiency and accelerating digitalisation.

- Congestion Management Systems (inc. Smart Junctions)
- Training & Simulation Systems
- Eco-efficient Ship Designs and Systems
- MRO of Aircraft, Ships and Vehicles
- Eco-friendly Aircraft Engine Wash Solutions
- Low-energy Cooling Systems



SOLVE URBAN AND CITY ISSUES

In our Smart City deployments, our IoT-based connected solutions optimise operational efficiency, improve energy savings and deliver long lasting utility services to city residents. We also develop and deploy sustainable hybrid and electric transportation solutions.

- Rail Solutions
- Smart Street Lighting
- Fleet Management Systems
- Electric & Autonomous Vehicles
- Respiratory Protection Products
- Command, Control & Communications (inc. in hospitals, emergency dispatch)
- Cybersecurity for Critical Infrastructure



CIRCULAR ECONOMY

Our aircraft and ship conversions allow us to repurpose and reuse – saving resources, time and costs. Our MRO operations extend the life of capital assets, whether aircraft, vehicles or ships. We also design, build, operate and maintain sustainable waste management and waste-to-energy facilities that support eco-friendly waste disposal, management and waste water recycling.

- Integrated Waste and Water Treatment Solutions
- Passenger-to-Freighter Conversions
- Ship Conversions
- Environmental Solutions and Recycling



ENVIRONMENTAL

→ Green Products & Solutions

The Group continued to innovate and deploy a diverse range of sustainable products and solutions to our customers. Examples in key industry domains include:

Land Transport

- Demand for electric vehicles (EV) and charging solutions have been growing globally as technology advances, lower battery prices as well as national incentives and targets drive EV adoption. Our end-to-end AGIL™ Electric Vehicle Charging solution comprises a modular EV management platform that supports a charging infrastructure catering to different charger makes and models
- We delivered 20 single-deck, fully electric buses to the Land Transport Authority of Singapore. These are the first in Singapore to be capable of quick charging using overhead pantographs at bus interchanges. The customised rapid charging lithium ion batteries have a capacity of between 150-200 kWh and charges up to 3 times faster compared to generic batteries. Every minute of charging using the high power inverted pantograph at the bus interchange will extend the travel range by additional 5 km, making it an efficient and viable solution for intra-city transport
- We have developed the capability to retrofit diesel buses with electric drive trains to provide a solution aligned with the reuse principles of the Circular

ST Engineering is designing and constructing two key process systems in the Integrated Waste Management Facility located in Tuas Nexus – a Material Recovery Facility and a Waste-to-Energy plant. These two facilities help close the loop on the waste management cycle in Singapore by increasing recycling efficiency, and generating energy from non-recyclable waste. This helps Singapore to achieve its zero waste goal while reducing our reliance on traditional energy sources.

→ Artist impression
of Singapore's
Tuas Nexus IWMF



Economy. A MAN A22 diesel bus retrofitted with an electric conversion kit was put into service in Singapore in 2021

Environmental Engineering

- We are working with consortium partners to design, construct, commission and deliver two process systems in the Integrated Waste Management Facility (IWMF). The IWMF is part of Tuas Nexus, which is the world's first integrated waste and water treatment facility conceptualised and planned from the ground up. It is expected to contribute to carbon savings of more than 200,000 tonnes of CO₂ annually, equivalent to removing 42,500 cars off the road

Aerospace

- Our Commercial Aerospace leverages Additive Manufacturing (AM) to produce design-optimised replacement parts for our customers. AM is a greener approach to manufacturing which does away with traditional moulds and tooling as it produces near-to-shape products on demand. This eliminates intermediate wastage while allowing the manufacture of components with complex geometries. It enables low quantity, high mix production that empowers a lean and efficient supply chain for our global business units. We are continuing to scale up AM deployment as part of our commitment to a more sustainable manufacturing ecosystem

Due to the synergies with the adjacent water treatment facility, the electricity generated by the IWMF can be used to sustain the operations of Tuas Nexus and export excess electricity to the grid. This contribution to the grid is estimated to be able to continually power up to 300,000 four-room HDB flats in Singapore. Additionally, the integration of both waste and water treatment facilities will result in footprint savings of up to 2.6 hectares (~ 4 football fields) as compared to building the two as standalone facilities.

ENVIRONMENTAL

→ Green Products & Solutions

- We continue to provide market-leading passenger-to-freighter (P2F) conversions – converting and refurbishing older passenger aircraft into well-optimised and reliable freighters. This is aligned to our commitment to the circular economy – reducing the demand for mineral extraction and energy, while extending the life of the aircraft by up to 20 years and increasing the utility of the initial manufacturing effort. Our Airbus A321 P2F solution has more than 28 metric tons of proven gross payload, which is the highest in the market currently. Furthermore, our medium widebody freighter solution, the Airbus A330P2F, offers more volume and payload. Our center of gravity optimised conversion design results in a well-balanced freighter that requires less trimming which results in fuel savings
- Our aerospace engine MRO operations have created the Intelligent Mapping and Profiling (iMap) machine. This inhouse solution helps improve productivity through the automation of key processes including engine blade weighing, profile measurement, part number capture and blade sorting and distribution. The data for each blade is captured and analysed. The resulting compressor and turbine efficiency analysis as well as vibration analysis allows us to reduce vibrations in flight. In addition, iMap have given us annual productivity savings of more than 2,000 manhours on CFM56 engine MRO operations
- Our eco-engine wash services – EcoPower® – has significant environmental benefits. The team washes more than 9,000 aircraft engines annually using innovative and environmentally-friendly processes. These result in fuel savings which translate to an estimated emissions avoidance of 500,000 tons CO₂e annually as well as the recovery and reuse of around 2 million liters of water
- Our aerospace MRO operations have adopted robotic laser paint stripping, which is a more precise and eco-friendly process to remove rust, paint, oxide and other contaminants from aircraft metal surfaces. The directed low-energy laser pulse beam breaks down paint and primer coatings resulting in a minimal waste stream. The waste is vapourised, extracted and captured via a fume extraction system minimising the release of paint, contaminants, dust particles and other toxic chemicals into the environment

Digital Solutions

- Aircraft and marine pilot training is greatly augmented by our high-fidelity training simulators which are at Federal Aviation Administration Full Flight Simulator (FAA FFS) Level D and Det Norske Veritas group Level D. These simulators are alternatives to help pilots qualify for training hours instead of actual flight or sailing. Apart from reducing fuel consumption and environmental impact, the use of simulators also reduce operational costs
- We have deployed a zero carbon emission fully electric-powered autonomous flotsam clearance vessel prototype. Its enhanced features improve the detection and classification of flotsam in water bodies, improve object collection near obstacles while having greater endurance and speed. This is achieved through efficient power generation, intelligent control and reduced-drag design

Summary

ST Engineering continues to identify, develop and deploy core technologies to enable its sustainable business goals. These technologies include artificial intelligence machine learning, data analytics, blockchain, hybrid battery systems and autonomous systems.

We will also study emerging technologies in the area of sustainable materials, energy management systems and alternative low-carbon fuels to support our customers' end-to-end decarbonisation needs. We will invest appropriate resources early to capture green growth opportunities and support the energy transition.

Key initiative areas supporting our business areas include:

- Powertrain Electrification
- Fleet Management
- MRO Digitalisation
- Green Power Generation
- Environmental Engineering

Besides internal R&D investment, we actively foster partnerships and collaborations, engaging technology start-ups and building new corporate ventures to bring new technologies to market quickly and scale up to meet global demand for green solutions.

ENVIRONMENTAL

→ Green Products & Solutions

MANAGEMENT APPROACH

Commitment

ST Engineering's Board, EXCO and senior management are committed to enabling our customers on their sustainability journeys via green products and services. We will continue to quantify our GHG emissions impact on our customers, as we work with our supply chain to understand the product carbon footprint of each of our offerings.

Governance and Organisation

At Board-level, the Research, Development & Technology Committee oversees policies for our technology development and innovation efforts. The Group's Chief Operating Officer (Technology & Innovation) and Chief Technology & Digital Officer lead the efforts in R&D, product development and innovation across our businesses globally. The Innovation Technology Committee (ITC) provides leadership and direction, and coordinates the prioritisation of R&D and innovation investments, including in sustainability-related technology initiatives.

The key function coordinating the efforts above is the Group Technology Office (GTO). Its roles include technology scanning and trend identification, R&D data gathering and analysis and formulating group-wide initiatives leading to new products, technologies and solutions across our global markets. GTO works in close partnership with the Group Engineering Centre (GEC), business area leaders, the Group Strategy & Sustainability Office and ST Engineering Ventures. Externally, the GTO is plugged into the R&D ecosystem, particularly in the geographies we operate in.

Environmental Outcomes

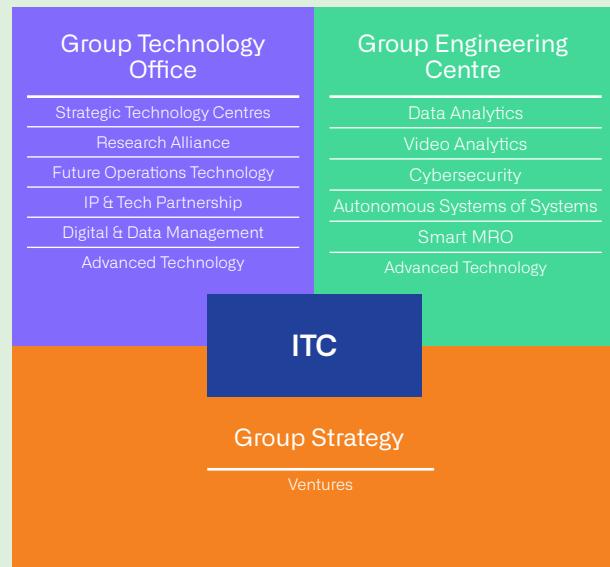
The Group defines sustainability-related revenue into three broad impact categories:

- Reduce GHG Emissions
- Solve Urban and City Issues
- Circular Economy

Much of this is focused on environmental benefits, but there is significant social and governance benefit including safety, security, emergency response, crisis management, worker productivity, health and access to education.

Alongside product functionality and cost-effectiveness, the Group considers sustainability to be a key factor in product and process development. We go beyond functional innovation, taking into account ecological considerations such as water and energy consumption, waste streams, circular economy principles and avoid the use of single-use plastic. These considerations are covered in the specification and concept stage of our products and solutions development process.

In 2021, the GTO has ramped up its efforts to engage start-ups and ventures in environment technology areas, including in new materials, energy solutions and carbon removal. These are in current ST Engineering domain areas, as well as adjacent to them. We are open to partnerships with companies across the world which could lead to the above three sustainability impact outcomes.



Learn about examples of our products & solutions under these categories



SOCIAL

PEOPLE EXCELLENCE

WHAT WE ACHIEVED IN 2021

- Expanded and deepened the global footprint of our people practices
- Strengthened learning and development framework, accelerated workforce digitalisation and deepened our engineering, technology and innovation capabilities

→ People remain the cornerstone of our business. We are committed to investing in people development and building a steady pipeline of Science, Technology, Engineering and Mathematics (STEM) talent to help us achieve our aspiration of becoming a global technology, defence and engineering powerhouse.

Enhancing Capability and Capacity for Growth

Rapid technological advancements and shifting customer demands are catalysing disruptive business models. Our success lies in the continuous development of our technology and engineering core and empowering our workforce with knowledge and skills in this new economy.

The Group Engineering Centre (GEC) formed in 2021 focuses on translating current technologies into products and solutions. The Group Technology Office (GTO) drives the development of emerging and long-term technologies across the Group to generate impactful returns. GEC and GTO create a conducive ecosystem for our engineering teams to collaborate across domains and exchange product and solution ideas. This enables the Group to deepen our technology and engineering core while establishing structured professional development pathways for our engineers.

- Fok Kar Wai, Assistant Principal Engineer from GTO shared insights on autonomous system security and IoT security applications at the Group's Technology Seminar.



ST Engineering owns a diverse set of engineering capabilities. This multi-disciplinary portfolio is enabled by core competencies which also allow for the development of adjacencies. Establishing GEC and GTO is a great step in pooling group resources together to build platforms and technologies at a scale that might not be possible in individual business units.

Kan Zi Yang
Principal Software Engineer,
Group Engineering Centre

Over 400 engineers across the Group attended our inaugural Technology Seminar in September where industry experts and experienced colleagues were invited to share their learnings on trending technologies.

Read more about our
Technology and Innovation showcase

I was an Engineering Services Engineer in Singapore before I moved to our office in Sweden. In Sweden, we explore different operational workflows to drive more synergistic outcomes and deliver the best possible services to our customers. 2022 will be an exciting year and I look forward to applying and adapting the practices and skills I acquired in Singapore!

Jonathan LimAssistant Principal Engineer,
Commercial Aerospace

My experience in the Group's Marine Environmental Engineering team was fulfilling, knowing that our work contributes to Singapore's clean water and energy. I believe sustainability transcends environmental protection, hence I am truly excited to embark on my next stint in our Group Strategy and Sustainability Office to contribute to realising ST Engineering's sustainability agenda and strategies.

Nerissa TayAssistant Manager,
Group Strategy &
Sustainability Office

It is both a personal and professional goal of mine to keep learning. ST Engineering offers LinkedIn Learning to employees and those recommended courses helped me gain much-needed technical skills and grow into a more thoughtful, well-rounded leader. It can be easy to only focus on daily tasks, meetings and deadlines, but investing in my personal and professional development has helped myself and my contributions to the team immensely.

Kaitlin KrejcikMRB/Repairs Liaison Engineer,
Commercial Aerospace

ST Engineering also collaborated with local educational institutions and approved Continuing Education and Training centres to train our engineers and technicians in new economy skill areas such as robotics, automation and design thinking. We launched the In.Vent venture building initiative to catalyze an innovative culture for business creation. We also offer personalised, bite-sized and on-demand learning opportunities to employees group-wide. More than 6,000 employees have been actively utilising these digital learning opportunities to build up their understanding in topics including data science, digital marketing and agile project management.

As part of career development and succession planning, we encourage structured rotations within and across our businesses globally. We partner with Singapore Economic Development Board to offer employees international postings under our Global Leaders Development Programme.

To build a talent pipeline, our outreach programme includes a partnership with Enterprise Singapore and a SG United Traineeships Programme to offer internships in our Group.

Strengthening a Passionate and Engaged Workforce

In 2021, we continued to enhance our policies and realign work processes to support our employees. Several initiatives were rolled out focusing on three main pillars of wellbeing – physical, emotional and social.

The ST Engineering MOVEment demonstrates that employee wellbeing is our top priority. The MOVEment rallied employees to make health a focus through regular exercise while raising funds for charity. This four-week campaign garnered the participation of over 3,300 employees, who completed more than 360,000km collectively by running, walking and cycling. Sharing experiences outside of work helped to increase team bonding and sparked spontaneous interactions across the Group, drawing employees closer as they motivated one another to “move more together”.

ST Engineering MOVEment raised
\$398,000 for President's Challenge 2021
[Read more](#)



SOCIAL

→ People Excellence

Other initiatives rolled out throughout the year included a series of webinars, workshops and virtual sharing sessions. Guest speakers and senior business leaders were invited to these sharing sessions to speak on health and wellness, and exchange knowledge on career planning, networking, influencing and leadership. In these extraordinary times, we acknowledge that it is critical that we build and strengthen our employees' mental resilience to enable everyone to cope and get through the crisis. To promote this, we organised several activities such as a virtual talk on mental wellness and SkillsFuture advice through our ST Engineering Staff Union.

We donated over 1,000 decommissioned laptops to Engineering Good
[Read more](#)

Women@ST Engineering supports our diversity and inclusion efforts as we engage our female employees within the organisation. Aligning to our global agenda of advancing women in STEM, we rolled out upskilling and reskilling programmes to attract, retain and develop female talent in various disciplines. Our senior executive co-sponsor for the Women@ST Engineering Committee, Tan Lee Chew and two of our business leaders, Chiang Yoke Fun and Dr Vrizlynn Thing were honoured in the 2021 Singapore 100 Women in Tech list, which features female role models for the multi-faceted roles they play in influencing Singapore's business, workplace and community in the tech industry.

Organised by the Women@ST Engineering Committee and inaugurated by the President of the Republic of Singapore, Halimah Yacob, the Women Support Group is a key women's empowerment initiative launched in 2021. It is aimed at promoting social, emotional and mental resilience among female employees, and serves as a platform to engage and connect.

[Learn more about our Women Support Group](#)

I am excited that technology is increasingly multidisciplinary and is a key enabler to building stronger economies. We celebrate all women who are inspiring their communities and making significant contributions to the tech industry. As a leader, I believe in steering this agenda and creating opportunities for women in tech to confidently step forward and drive business success.

Tan Lee Chew
President Commercial

I have a mantra for myself, 'never stop learning'. Seize opportunities to grow, learn and keep up with changing technology trends in our fast-paced world. Keep an open mind, be genuine and don't be intimidated when taking up new opportunities. It's ok to make a mistake as long as you learn from it and grow. Keep trying.

Chiang Yoke Fun
Senior Vice President,
Head of Singapore
Digital Business

By sharing success stories with young women, we can prove how careers in STEM can be amazingly rewarding for anyone with curiosity and passion.

Dr. Vrizlynn Thing
Senior Vice President,
Head of Cybersecurity
Strategic Technology Centre

Being at the Forefront of People Practices

ST Engineering constantly seeks to innovate and enhance our policies to create a more rewarding career for our employees. We have won people excellence awards in and outside Singapore, including the recognition of ST Engineering as one of the Top Five most attractive employers in Singapore by Engineering and Natural Science students. As a Group, we continue to invest in technology and innovation, optimising processes and operations to create a better overall working environment and experience.

For more details,
[go to Awards section](#)



SOCIAL

→ People Excellence

→ EMPLOYEES¹ (%)

By Clusters



By Geography



By Qualification



By Age Group

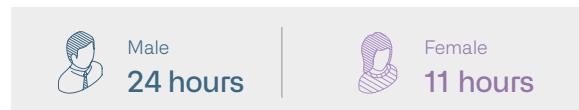


→ WORKFORCE PROFILE



→ AVERAGE TRAINING PER EMPLOYEE³

21 hours



14%



→ PEOPLE MANAGERS³



15%

of male employees
are people managers



14%

of female employees
are people managers

¹ Based on the Group's 2021 annual average staff strength of 22,405.

² Supervised workers refer to short-term contract workers hired through local contractors who work in the Group's facilities and are supervised by ST Engineering.

³ Based on the total employee population of each gender.

KEY GOALS FOR 2022

→ Renew capabilities
and build capacity
for sustainable growth

→ Build a high-performing,
engaged and global-ready
workforce

→ Strengthen people
practices to enable an agile
and global HR organisation

SOCIAL

→ People Excellence

MANAGEMENT APPROACH

We are only as strong as our people. With a capable, motivated and upwardly mobile workforce, we have a pipeline of talent to pursue sustainable growth.

Governance and Organisation

The Group Chief Human Resources Officer (CHRO) and the Human Resources (HR) leadership team oversee the policies and facilitate the engagement on all people issues across the Group. The CHRO reports directly to the Group President & CEO. He works closely with the EXCO and senior management to advise them on global best practices and the implementation of the Group's people policies.

Our people and culture strategy seeks to:

- Enhance our capability and capacity for growth
- Build a passionate and engaged workforce
- Position us at the forefront of people practices

We implement our people and culture strategy in the following areas:

- Diversity and Inclusion
- Employee Engagement
- Health and Wellness
- Recruitment
- People Development & Learning
- Performance Management and Rewards
- Labour Relations

1. Diversity and Inclusion

We recognise that we work in an industry where there are more male employees in our technical workforce. We are committed to fair employment practices and offer merit-based equal opportunities to all, including promoting training and skills development. We do not condone personal bias or prejudice and advocate for fair recognition. We do not discriminate according to age, race, nationality, religion, gender or marital status. We are committed to providing a work environment free from discrimination or harassment of any type.

ST Engineering embraces fair employment practices and complies with all national and local labour laws and regulations where we operate. We uphold Principle 6 of the United Nations Global Compact on eliminating discrimination.

- We recruit and select employees based on merit, such as skills, experience or ability to perform the job – regardless of age, race, gender, religion, marital status, family responsibilities or disability
- We treat our employees fairly and with respect and dignity
- We provide our employees with equal opportunities for training and development based on their strengths and needs to help them achieve their potential
- We reward employees based on their ability, performance, contribution and experience

ST Engineering employees are guided by our Code of Business Conduct and Ethics (Code). A vital tenet of the Code is to promote non-discrimination and anti-harassment at the workplace. Our employees develop an understanding of the different types of discrimination and how it can affect the workforce through our training session on the Code.

Our suppliers are similarly guided by our Vendor Code of Conduct that requires them to respect fundamental international principles regarding non-discrimination, anti-harassment and practice fair employment practices.

Our HR Policy provides a process to manage grievances due to harassment, discrimination and other prohibited conduct. Employee grievances are promptly looked into and addressed. No individual will suffer reprisals or retaliation for reporting genuine grievances, making complaints, or participating in an investigation. Management at all levels, supported by their respective HR teams, is responsible for ensuring that we provide a work environment free from discrimination or harassment.

Read our
Code of Business Conduct and Ethics 

Read our
Vendor Code of Conduct 

2. Employee Engagement

Employee engagement is a priority for the Group in order to obtain useful feedback and clarify and allay staff concerns. It also helps us build confidence in our leadership actions and the direction of the Group as we address market challenges and opportunities.

SOCIAL

→ People Excellence

During these unprecedented times, we acknowledge the additional pressure and stress on our employees and the need to place greater emphasis on people engagement. This helps build and strengthen the resilience and the wellbeing of our workforce. Internal and external people engagement activities were rolled out throughout the year and focused on key areas such as physical, emotional and social wellbeing of our people.

On top of periodic employee engagement surveys conducted to hear from our employees, we continuously engage our people to ensure that our workforce aligns with our purpose and core values as a Group. This is facilitated through regular town halls and staff focus group sessions with our Group P&CEO and respective business leaders across different employee and business groups. The staff communication channels provide a platform for updates and dialogue on strategy, market developments and business, as well as people and policy matters.

3. Health and Wellbeing

We recognise that employees increasingly seek to integrate work and personal life commitments. We identified three focus areas that directly impact and strengthen the wellbeing of our employees.

Strong Bodies - Having good health and energy for enhanced productivity and efficiency. The ST Engineering MOVEment is both a charity drive and a healthy lifestyle campaign encouraging our employees throughout the Group to stay fit and healthy. Across our business areas, there were also other healthy lifestyle events organised such as participation in the Corporate National Steps Challenge.

Strong Minds - Positive emotions and strengthened resilience to overcome life challenges. The Group organised several activities relating to mental wellness and resilience. They include the Brown Bag talk on “5 Aspects of Resilience”, a virtual talk on mental wellness and Skillsfuture Advice by our inhouse union, ST Engineering Staff Union (STESU), and a series of mental wellness lunchtime talks and the latest virtual event by the Women@ST Engineering on “Managing Pandemic Fatigue”.

Strong Ties - Strong team spirit promotes cohesion and collaboration. The team category of the ST Engineering MOVEment was an effective way to encourage team building and bonding. The 323 employee teams cycled/walked/run a total of over 236,000 km. Team activities were also organised throughout the year across our global business units.

The Group has a Flexible Work Arrangement policy that provides flexibility in work hours and work arrangements. Notwithstanding the pandemic, the Group constantly reviews these policies – ensuring they evolve with business needs, market trends and compliance with national or local mandated requirements.

We adopt a holistic approach to workplace wellness encompassing our employees' physical, social, and emotional well-being. Our workplace wellness plans are supported by

- Regular reviews of the wellness initiatives and activities
- Setting aside a budget for activities that encourage employee wellbeing and team bonding
- Medical and health screenings for employees

4. Recruitment

Our talent attraction and management efforts focus on engaging, assessing and hiring qualified candidates based on the specific skills, knowledge, and experience they can bring to the job. We ensure our recruitment efforts generate a diverse candidate pipeline. Other than online job postings, outreach and referrals, we widened our search via social media posts or through the various networking groups. Our detailed job descriptions and specifications define goals, accountability, and success measures of the role. New employees are provided a head start with an overview of the Group's goals and philosophies through our comprehensive onboarding programme. We continually strive to engage, access and hire diverse talent with the right skills and characteristics that drive business success.

5. People Development & Learning

We strive to increase performance, upskill and build a motivated workforce that drive towards the organisation's success. We do so by putting in place structured Learning Programs and an integrated system of people development practices to achieve the full potential of our workforce.

Succession Planning

We manage our leadership succession by identifying key roles critical to the business as well as talent who can potentially fill these roles. Developmental actions are put in place to ensure that potential talent build their business and leadership capabilities to take on these key roles.

SOCIAL

→ People Excellence

Leadership Development

Leaders are paramount in driving organisational growth and success. Our leadership competency framework is anchored on the following Leadership Dimensions – Think Global, Drive Performance, Drive Innovation and Engage & Inspire. The attributes embedded in the Leadership Dimensions reflect the competencies needed to drive and accelerate ST Engineering's strategic business priorities. Our manager development roadmap and learning programmes are curated to shape and build leaders who will enable our people and organisation to achieve our aspiration to be a global technology, defence and engineering powerhouse.

People Development

We are committed to investing in the development of our people. Our focus is on growing the capabilities of a future ready workforce that is equipped with new economy skills and empowered for success. We do this in partnership with local education institutions and approved Continuing Education and Training centres to upskill our engineers and technicians in technical (e.g. data analytics, robotics & automation, design thinking) and soft skills (e.g. leadership, negotiation, management). We also adopt the 70:20:10 learning and development model that blends experiential, collaborative and formal elements of learning.

Growing and maintaining a critical mass of qualified and experienced personnel is essential to achieving the Group's strategic objectives. Our training development plans and performance management systems work in tandem to support the career progression of our employees. Our efforts include:

- Carry out Learning Needs Analysis and develop an annual training plan (including on-the-job training)
- Offer a Global Leaders Development Programme to develop globally-oriented management via postings to our business units across geographies
- Provide flexible career tracks where employees can move between management or technical tracks to gain exposure
- Create a pool of potential successors for key positions through our talent management programmes

a. **Group Company Training Committee** We built on our experience with the long-standing and successful Company Training Committee at our Aerospace business areas, to set up a Group Company Training Committee in partnership with STESU, our union in Singapore to better prepare employees of the Group's companies to meet the current and future needs of their respective industries through skills upgrading and retraining programmes. In doing so we hope to maintain and grow the capability and professionalism of all employees so that the businesses continue to be competitive as they transform and digitalise.

b. **Group Engineering Competency Framework** As part of the 2021 reorganisation, ST Engineering established the GEC. Alongside this, a group-wide engineering competency framework was also developed to benchmark our engineers' technical capability, assess their competency and identify areas for further development. The framework also highlights which human capital competencies are required, as well as how we will systematically develop those capabilities to facilitate vertical and lateral career growth opportunities for our employees in engineering and technical roles.

Retirement and Lifelong Learning

The Group complies with applicable local laws, regulations and guidelines for retirement and re-employment. For example, in Singapore, an employee who retires on attaining the statutory retirement age, may be re-employed on an offer and acceptance basis for special skills and/or project work. In keeping with our lifelong learning culture, relevant training will be provided to upgrade the skills of employees who are re-employed in different positions after their retirement age.

6. Performance Management and Rewards

Performance Management

A key driver of success is reinforcing a strong performance culture underpinned by our core values. In the short and medium-term, sustained contributions are rewarded through a pay-for-performance principle where goals are linked to Group, business area and individual levels.

We adopt a performance based approach with direct linkages between performance and rewards. Annual performance appraisal sessions serve as a platform for employees to discuss their work progress

SOCIAL

→ People Excellence

and career aspirations with their supervisors. Our performance-based pay practices consider the Group's KPI, individual performance, internal equity and industry practices.

We conduct an annual performance management process involving goal-setting, continuous performance reviews and full-year assessments against targets. We recognise outstanding employees with enhanced career opportunities and rewards.

During their annual performance review, all employees with direct reports are evaluated on their people management skills and outcomes. These include line managers in each business, those leading horizontal functions, as well as those with supervisory responsibilities in ad hoc teams.

Rewards

The Group's compensation and benefits framework is reported to the Board's Executive Resource and Compensation Committee. The Executive Resource and Compensation Committee has access to consultants to advise on market trends and compensation and benefits matters. We also work closely with our employee unions on compensation and benefits issues.

Since 2019, ST Engineering has established a stronger link between employee remuneration and our ESG performance. ESG performance indicators have been incorporated into the Group's KPI, which all employees, including ST Engineering's senior management are assessed upon.

The Group's approach towards compensation includes near-term, mid-term and longer-term financial and non-financial performance targets to motivate and reward employees for creating sustainable stakeholder value. Among others, our variable bonus pool to reward employees is determined by the achievement of our ESG key performance indicators. Since 2020, a specific section on sustainability has been incorporated into the scorecards to reflect the Group's emphasis on ESG. Share plans are also available to incentivise eligible employees.

The Group's compensation and benefits programmes are reviewed regularly and benchmarked against its respective markets using data from global market surveys and consultancy firms to ensure that we are internally equitable and market competitive.

The Group's benefits are provided in accordance with local regulations and aligned to local employment practices. For example, in Singapore, benefit provisions include (but are not limited to) annual leave, marriage leave, compassionate leave and medical leave, as well as insurance for medical, life, personal accident, work injury compensation and business travel. Retirement provisions accordingly follow local legislated requirements.

The Group also rewards creative solutions and contributions through various business and employee recognition awards to celebrate role models and our employees' innovative spirit.

7. Labour Relations

We recognise that harmonious labour management relations are built on trust and fairness. We respect all employees' fundamental rights to freedom of association, including the right to be members of trade unions. We do the following:

- Take guidance from national or local industrial relations laws and regulations
- Maintain strong relationships with the unions through frequent activities and dialogues to discuss, clarify and resolve issues, and seek buy-in on new initiatives
- Ensure our unions, where applicable, are represented in key committees such as safety, welfare and training so that concerns can be promptly surfaced and addressed

The Group may embark on organisational or operational changes in response to external and internal factors. In consultation with our union (where applicable), such changes are communicated in a timely way to the affected employees. This will help them understand and prepare for the upcoming changes.

In Singapore, the Group recognises the STESU as the collective negotiating body in respect of all terms and conditions of service of the employees covered under the scope of the collective agreement. 29% of employees in our Singapore operations are covered.

The union actively supports the Group's effort to introduce multi-skilling and re-skilling of our workforce to increase the productivity of the workforce for the benefit of the Group and its employees. The Group will continue to provide the necessary training to ensure employees can perform the new tasks required.

SOCIAL

TOTAL WORKPLACE SAFETY & HEALTH

WHAT WE ACHIEVED IN 2021

- Reviewed and aligned our safety performance indicators
- Safeguarded staff wellness through the engagement of the Workplace Safety and Health Council for mental health and mental wellness

→ We regard safety and wellness as paramount to our everyday work. Above and beyond legal requirements, we do our best to prevent occupational injuries and illnesses. We also strive to promote a healthy and balanced lifestyle among our staff.

As part of its 2021 workplan, the Workplace Safety & Health (WSH) Committee reviewed and aligned our safety performance indicators. This included adopting ISO 45001 Occupational Health and Safety Management Systems revising our WSH indicators, carrying out a group-wide WSH promotion and campaign, enhancing WSH digital platforms (e.g. injury reporting, hazard reporting) and emphasising mental wellbeing at our workplaces.

In Singapore, the Group partnered the Workplace Safety and Health Council (WSHC) to offer health and safety workshops including health screening and coaching, infectious disease control and mental health.

To ensure we remain compliant with relevant statutory and regulatory requirements, the Group continues to use control self-assessment and audit processes as part of our enterprise risk management initiatives.

SAFETY PERFORMANCE

The Accident Frequency Rate (AFR) and Accident Severity Rate (ASR) in 2021 were 1.1 and 22.0 respectively. The AFR of our global operations increased from 0.8 to 1.1, and the corresponding ASR increased from 17.2 to 22.0. One of the key factors that contributed to our slip in performance was due to human error in complying with safety procedures.

This is likely attributed to prolonged periods away from the workplace during the pandemic.

In 2021, the two most frequent causes of injuries were cuts/stabbed by objects and being struck by objects. They accounted for 28% of all cases. Key mitigating measures are being adopted through continuous WSH education, assessments and surveillance activities within the group. They include cross sharing of best practices with our global operations, reviewing safe work procedures, conducting risk assessment on safe material and mechanical handling and stepping up enforcement on the use of specific personal protective equipment, tools and machinery safety as well as Lockout-Tagout.

There was a decrease in falls from height incidents from 21% to 12%, the most frequent cause of injury in 2020. This can be attributed to our effective fall prevention programme which focuses on the following approaches such as intensive analysis of statistics; workforce direct engagement; series of comprehensive inspections; monitoring programme effectiveness; communication and feedback.

We continue to advocate the importance of safe work procedures to our employees via awareness briefings, site inspections and other safety initiatives, to constantly remind employees to take care of their safety and that of their co-workers.

→ OCCUPATIONAL HEALTH PERFORMANCE INDICATORS*

112



Workplace Safety & Health activities organised

100%



At-risk staff attended respiratory protection training

0



New occupational diseases cases (excluding noise induced deafness cases)

100%



At-risk staff attended an audiometric examination

0



New advanced noise-induced deafness cases

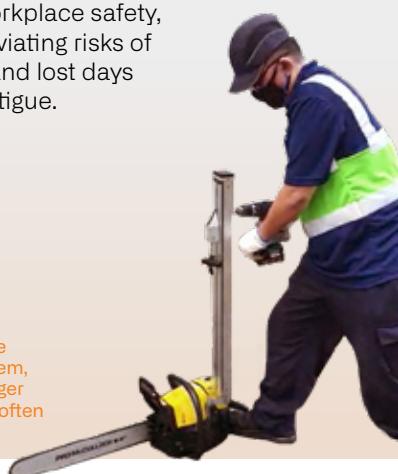
* Singapore operations

SOCIAL

→ Total Workplace Safety & Health

Reinvention with Safety First

Maintaining 243 chainsaws through repetitive pulling can be strenuous and tiring, frequently causing muscle strains and injuries to the technicians and inspectors. Teams were lauded for reinventing the labour intensive process with a motor-driven in-built pulley system. This innovation was a big contributor to workplace safety, especially in alleviating risks of muscle injuries and lost days due to muscle fatigue.



→ With the help of the in-built pulley system, technicians no longer need to bend over often

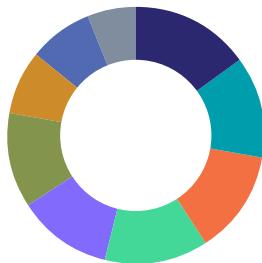
Recognition for Workplace Safety Innovation

Pit furnace heat treatment processes expose technicians to numerous hazards during the racking and lifting processes. By designing an innovative lifting adapter, complete with a venting pipe and racking method, our team was able to eliminate handling risks and fire hazards during the quenching process. The team bagged a prestigious award from the SMF-WSH Innovation Awards (Manufacturing) 2021 as well as the WSHC-WSH innovation Awards 2021, presented by the WSHC and supported by the Ministry of Manpower.

Team members ←
who clinched
the WSHC-WSH
Innovation Award



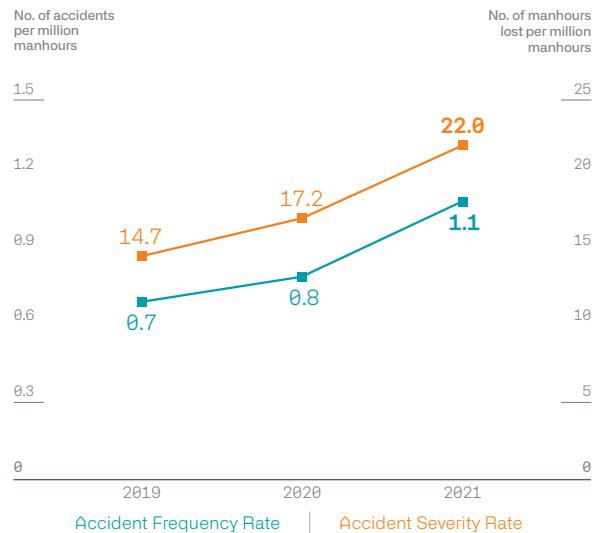
→ BREAKDOWN OF SAFETY INCIDENTS



	(%)
Cuts/Stabbed by Objects	15
Struck by Objects	13
Fractures/Sprains/Back Pain	13
Caught in-between Objects	13
Falls from Height	12
Slips, Trips and Falls	12
Machinery in Motion	8
Struck against Objects	8
Others*	6

* Burns and Flying Debris

→ ACCIDENT FREQUENCY & SEVERITY RATE



KEY GOALS FOR 2022

→ Enhance focus on total WSH

→ Promote technology-enabled WSH



SOCIAL

→ Total Workplace Safety & Health

Mental Wellness

A healthy mind is not just the absence of mental illness, but being able to cope with life's challenges. Our initiatives to promote positive mental health in 2021 included:

- STESU webinar on effective stress management and building resilience, in partnership with SkillsFuture
- Commercial and Defence Aerospace's Health & Wellness series, accompanied by "Fruit Day" on the first Friday of every month
- Women@STEngineering's webinar on Managing Pandemic Fatigue facilitated by a licensed psychologist, to encourage an open conversation between employees and share about how to manage and build mental resilience



Halter Marine Wins Prestigious AEU Safety Award

In 2021, for the second year in a row, Pascagoula, Mississippi-based shipbuilder Halter Marine has been honoured with the American Equity Underwriters Safety Award.

True to being one of the safest companies in the industry, Halter Marine has reduced its frequency of lost time injuries by 95% since 2016 and reduced the ensuing incurred cost by 81%. Additionally, against AEU's shipyard average score of 6.0, Halter Marine scored an impressive 8.6 for safety inspections.



SOCIAL

→ Total Workplace Safety & Health

MANAGEMENT APPROACH

Commitment

We are committed to “Safety Before Profits.” A safe and healthy workplace protects workers from injury, stress and illness, reduces absenteeism and turnover, increases productivity and quality, and raises employee morale. This duty of care extends to our visitors and supervised subcontractor working within our premises.

Our target is to have zero fatalities in our operations. We work towards lowering our major injuries year-on-year.

Governance and Organisation

WSH is a journey. We have put in place an integrated Environment, Health and Safety (EHS) policy and a Safety Pledge to align the Group towards achieving a common WSH mindset, as well as aligned goals and objectives.



WSH efforts are coordinated by the Operational Excellence Specialist Team (TWSH), which meets every quarter to provide advice on WSH related matters, to discuss, coordinate and strategise on workplan implementation and share best WSH practices across business areas as part of continuous learning.

All material business units in Singapore are certified ISO 45001 Occupational Health and Safety Management. All our global operations abide by relevant workplace safety regulations and requirements.

As part of our continuous striving for higher WSH standards, conscientious efforts are being made to embed a culture of WSH vigilance among all staff. We provide a safe work environment with a focus towards advocating a collective WSH culture of care – ourselves, and the people around us including family, friends and colleagues. We adopted a holistic Total WSH approach to better manage staff wellbeing which includes health screening and coaching, weight management, ergonomics management, mental health talks, audiometric and a return to work (from injuries) programme. We constantly remind all our employees to take good care of personal health and wellbeing. This enables them to continuously be in the right frame of mind to be safe and productive at work.

We introduced the BizSAFE programme across the Group to enhance our WSH risk assessment, management capabilities and standards at the workplace. We encourage open and active WSH reporting and cultivate a culture of WSH ownership and responsibility to spot and rectify hazards in order to improve the effectiveness of our risk prevention and mitigation.

Besides adopting WSH best practices and introducing new leading indicators, we also implemented WSH technology-enabled projects to enhance our processes and systems. These include the Workplace Incident Reporting System and the Compliant Statutory Management System.

We organise an annual ST Engineering EHS convention to encourage innovative ideas and solutions knowledge sharing and reward contributors to WSH excellence as well as celebrate our WSH achievements for our staff.

We continue to work towards a safe and healthy working environment for our employees and partners globally.

SOCIAL

QUALITY PRODUCTS & SERVICES

WHAT WE ACHIEVED IN 2021

- Launched the Seven Quality Behaviours e-learning programme to reinforce the desired quality behaviour in building a sustainable quality culture
- Established multiple engagement channels to facilitate group-wide discussions on quality certifications, quality improvement projects, and quality training and sharing

→ We are committed to timely delivery, responsive support and maintenance of high quality and safety standards. The majority of our operations are certified ISO 9001 Quality Management Systems (QMS) or equivalent and all our operations abide by the requirements of their industry regulatory bodies.

In 2021, the Quality Committee stepped up efforts to bring our global quality professionals together for learning and to exchange best practices. This was carried out via multiple channels of engagement by each business area. Activities included working on QMS certifications, quality improvement projects, and quality training and sharing.

Conscientious efforts were made to encourage continuous learning and improvement while maintaining the highest standard of quality in our production lines and services. We developed various e-learning modules to promote the right quality processes and behaviours in our staff to enhance their quality knowledge and practices. We launched the Seven Quality Behaviours e-learning training programme in conjunction with World Quality Day on 11 November 2021, to stress the importance of quality to our staff. Staff were trained to internalise the behaviours of ability, customer focus, teamwork, integrity, out-performance, nimbleness and safety focus, and act to build and sustain our quality culture.

Staff are kept abreast of the latest quality and safety requirements, inhouse rules and industry best practices through regular training and briefings. They include system safety, Seven Quality Behaviours, as well as quality and safety awareness induction training as part of new employees' orientation.

Going forward, our goal is to continuously strengthen our quality and inspire our employees to abide by the Group's quality policy and live-out quality behaviours. We strive to future-proof our quality management system by leveraging technology and digitalisation to build predictive and risk-based quality thinking practices across the organisation.

Systems Safety

System safety forms a key focus for ST Engineering as part of our quality promise to customers and employees. The concept employs a risk management approach based on the identification and analysis of potential hazards, and the application of mitigation measures using a systems-based approach.

ST Engineering actively contributed to the development of the revised Technical Reference (TR-68) for Autonomous Vehicles (2021), including updated safety guidelines for test-bedding Autonomous Vehicle (AV) solutions on Singapore roads and the development of international AV standards.

We ensure system safety is embedded in all aspects of our work through employee education. Following the success of two e-sharing events in 2020, the systems safety team hosted "System Safety Practices in Land Systems" in 2021, attended by colleagues across the Group. The speakers shared good practices for MRO and software safety, sparking employees' interests in future cross-sharing sessions and in-house trainings. In addition, employees attended the virtual International System Safety Conference 2021 themed "Increasing Autonomy Safely", to gain new knowledge and practices.

SOCIAL

→ Quality Products & Services

Using Data Analytics to Improve Quality

We leveraged Workforce Singapore initiatives to train quality professionals in the Group on data analytics. Staff were trained to use business intelligence tools to consolidate quality data. Timely insights collected were used for management decisions and for process owners to act on priorities.



Consistency with Every Spray

Engine painting operations are labour intensive and subject to human error. Robotic arm technology enables our aerospace business to operate 24/7 without disruption, and can achieve a consistent spray quality while minimising the product rejection rate.



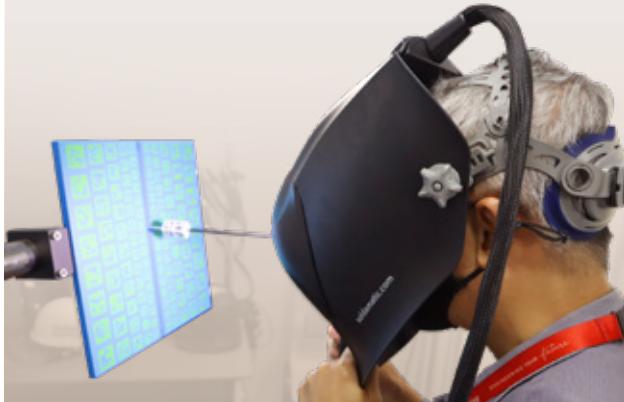
3D Scanning and Meshing of Vehicle Hull

We invested in 3D scanning equipment to increase product inspection accuracy. This helps ensure better quality in the manufacturing of vehicular systems.



Augmented Reality in Welder Training

Augmented Reality (AR) is employed in welder training to better engage welders while they go through real-life training. The curriculum, simulation and practices are conducted within a Learning Management System and updated in real time through a remote system. AR integration in training processes helps to reduce training time and enhances learning.



KEY GOALS FOR 2022

→ Identify and develop core quality-related e-learning modules to enhance staff knowledge on quality management

→ Progressively roll out the Seven Quality Behaviours to all global business units



SOCIAL

→ Quality Products & Services

MANAGEMENT APPROACH

Commitment

Our customers rely on us to meet their operational needs. Our products must be compliant with all relevant regulations, safe to produce, operate and maintain, and serve the intended purpose reliably over their lifecycle. The same applies to our services, which must meet customers' requirements and be delivered responsively within the promised turnaround time.

Governance and Organisation

Quality efforts are coordinated by the OESC's Quality Committee. The majority of our operations are certified ISO 9001 Quality Management Systems or equivalent. We design, manufacture and support our products in accordance with industry standards and comply with regulatory requirements. We actively work with our suppliers and collaborators to ensure the quality of bought-in parts and services, and regularly seek feedback from our customers to strengthen our offerings.

The quality and safety of our products and services are paramount to our continued success. Our quality and safety approach is as follows:

- Put in place systems and processes to ensure that all our employees comply with our Quality Policy
- Ensure the quality of bought-in products and services through our vendor approval and monitoring processes
- Organise regular quality seminars and briefings to share lessons learnt and promote best practices
- Ensure product safety through the practice of systems safety and its promotion within the organisation
- Hold both management and employees responsible for the quality of the products and services



Quality Policy

ST Engineering is committed to the timely delivery and responsive support of products that remain safe and reliable for their intended use, and the provision of services that meet regulatory standards and satisfy our customers' requirements.

We shall build a quality culture embraced by our employees and business partners, where we are accountable for the quality of our work.

We shall continually sustain and enhance our quality management system to improve the quality of our products and services, maintain appropriate controls and conduct periodic reviews of set goals.

SOCIAL

RESPONSIBLE PROCUREMENT

WHAT WE ACHIEVED IN 2021

→ Acknowledgment of ST Engineering's Vendor Code of Conduct by our strategic suppliers

→ Added environmental risks as a new supplier screening criteria for our Singapore operations

→ We aim to promote inclusive, ethical and sustainable procurement practices. We recognise that sustainable procurement helps us manage risks, improve efficiencies and reduce costs. To that end, we actively manage relationships with our suppliers to meet the needs of our businesses and deliver long-term value. We also seek to maximise social and economic benefits, while minimising damage to the environment and health.

ST Engineering has an extensive and extremely diverse supply chain. We buy goods and services to support our manufacturing, systems integration, MRO operations and services offerings in the aerospace, maritime and transport domains. We had 9,700 active suppliers supporting our Singapore operations in 2021 alone.

Despite the complexity of our global supply chains, we embarked on a journey to better steward our partnerships with our suppliers. We believe that collaborating and engaging with socially- and environmentally-conscious suppliers will mitigate a significant proportion of our ESG risks.

In 2021, we obtained an acknowledgement to adhere to our Vendor Code of Conduct from 100% of our strategic suppliers supporting our Singapore operations. We also started screening all new suppliers supporting Singapore operations on environment- and reputation-related risks. Suppliers not meeting expectations must submit their recovery action plans and are further assessed before they are accepted.

We also seek to support local SMEs where possible – for example, we spent \$330m with local SMEs supporting our Singapore operations in 2021.

We will continue to strengthen our supply chain resilience by rolling out our procurement sustainability roadmap globally. We will build a firm foundation through setting guiding principles and standards for responsible procurement, and implement standards that are put into practice. We will constantly review them and obtain feedback from our global operations.

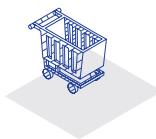
Over the next three years, our goals include:

- Conducting surveys and consolidating feedback on our Global Procurement Policy and Vendor Code of Conduct;
- Getting acknowledgement of Vendor Code of Conduct from our strategic suppliers globally; and
- Implementing environmental screening for all new suppliers globally.

SOCIAL

→ Responsible Procurement

→ GLOBAL OPERATIONS

**\$4.5b**

Total procurement spend

→ SINGAPORE OPERATIONS

PROCUREMENT SPEND BY GEOGRAPHIC LOCATION



Region	Annualised Spend (%)
Singapore	62
Europe	17
Others	12
North America	9

**Growing Together with SMEs**

We launched a strategic engagement programme with SMEs to provide fabrication services, a key building block of our manufacturing operations. We are focused on upgrading their capabilities and expanding their capacity which will lead to increased innovation and more cost effective solutions.

**\$330m**procurement
spend with local
SMEs supporting our
Singapore operations**KEY GOALS FOR 2022**

- Incorporate the Vendor Code of Conduct as a standard business requirement to all active suppliers supporting our Singapore operations

- Include ESG criteria in the screening of new suppliers supporting our global operations



SOCIAL

→ Responsible Procurement

MANAGEMENT APPROACH

Commitment

We believe in procuring responsibly to ensure a sustainable supply of goods and services to meet business needs. We are committed to managing our suppliers ethically and effectively to ensure a robust supply chain.

We are also committed to procure locally where feasible and work with the local suppliers in growing their capabilities to support our business needs.

Governance and Organisation

Our procurement community champions the effective management of our suppliers to align business behaviours, drive greater efficiencies, streamline processes and enable greater visibility. Our Responsible Procurement Framework helps us to work with our suppliers to embed our principles of responsible procurement.

Our approach towards responsible procurement is guided by five principles:

- We are committed to ethical procurement
- We do not compromise on the quality and safety of our products and services
- We practise value for money procurement
- We safeguard the health and safety of workers
- We protect the environment

These principles underpin our Responsible Procurement framework which comprises three pillars:

- Vendor Conduct – this is aligned to our sustainability agenda, defines our principles and standards, and lays down the basic behaviours and practices we require of our suppliers concerning their responsibilities towards their stakeholders and the environment
- Vendor Management – this streamlines the systems and processes we employ to screen, onboard and assess the performance of our suppliers, giving them a consistent experience working with the Group
- Vendor Relationship – this segments our suppliers based on profit impact and supplier risks into four categories; namely strategic, leverage, bottleneck and non-critical, for more effective management of the relationships

RESPONSIBLE PROCUREMENT FRAMEWORK



SOCIAL

→ Responsible Procurement

Through the above framework, we:

- Refine our Global Procurement Policy to enable effective and efficient procuring processes
- Uphold our Vendor Code of Conduct
- Enhance our systems and processes for better supplier management, including the use of recognised third party platforms to carry out independent checks on suppliers
- Measure and review the performance of our suppliers for continual improvement or remedial action, including blacklisting them from future business as appropriate
- Work with our suppliers to improve their sustainability performance and those of their suppliers

Read our
Vendor Code of Conduct 

Supply Chain Management

ST Engineering's supply chain is diverse, mostly due to the range of businesses, as well as the multiple geographies we operate in. Singapore operations had over 9,700 unique suppliers in 2021 alone. Of these, 75% are based in Singapore, 16% in Europe and North America and the remaining 9% in other parts of the world.

We engage suppliers through our vendor management programmes and maintain a close relationship. To communicate our business and ESG requirements, the Vendor Code of Conduct is progressively being included as part of Purchase Order terms and conditions. Suppliers are expected to adhere to it or we may disengage from them if they are either unwilling to do so or unresponsive with respect to implementing corrective action plans.

We adopt various sourcing strategies, which include the use of weighted criteria for tender contracts. This ensures that suppliers are assessed fairly both technically and commercially. For new suppliers, we actively screen each supplier against a defined set of ESG criteria including checking for reputation and negative feedback in the public domain, prior to establishing a business relationship with them.

Conflict Minerals Management

We do not procure conflict minerals. Our company's offerings are typically at systems-level, and we procure finished electronics products. When we do buy electronics components, we mostly do so at sub-system level, and from reputable contract manufacturers. We expect these suppliers to have conflict minerals policies for their own supply chain.

OVERVIEW OF ST ENGINEERING GROUP SUPPLY CHAIN				
Aerospace	Urban Solutions	Land Systems	Marine	Digital Systems & Cyber
TYPE OF GOODS & SERVICES PROCURED				
Aircraft airframes, engines, parts and components	Electronic and electrical products, equipment, hardware, parts and components	Vehicle engines, transmissions, electronics, electrical sub-systems, tyres, parts and components	Marine equipment, hardware, parts and components	Electronic and electrical products, hardware, parts and components
Engineering services and on-wing support	Communications equipment, hardware, parts and components	Castings, forgings, extruded parts	Navigation, communication and automation equipment and software	Communication products, hardware, parts and components
Materials and production consumables, including chemicals	ICT Infrastructure and systems, hardware, software and services	Materials: Metals, rubber, plastics, chemicals, etc.		ICT Infrastructure hardware and systems, software and services
Aviation fuel, oil, lubricants	Vehicle fuel, oil and lubricants	Marine fuel, oil and lubricants		Cybersecurity products, hardware, software and services
Fabrication and assembly services				
Facilities spares and maintenance services				
Misc industrial tools and equipment				
Safety equipment				
Manpower services and subcontractors				
Enterprise IT equipment, software and services				
Office supplies				
Professional services				

SOCIAL

ECONOMIC PERFORMANCE

WHAT WE ACHIEVED IN 2021

- Continued to make economic contributions and provide good jobs to our communities
- Refreshed organisation structure for a stronger customer focus
- Updated our five-year strategic plan and integrated sustainability as a key focus

→ ST Engineering remains committed to creating sustainable and inclusive growth for our stakeholders, especially during these challenging times. We take a long-term view towards value creation through the delivery of a balanced triple bottom line of “People, Planet, Profit.”

Economic performance is material to our sustainability goals. Our economic contributions to the communities we operate in include local procurement, direct and indirect employment, dividends to shareholders, taxes paid to governments, and investment in community programmes. We also develop innovation capabilities, transfer know-how and technology to local SMEs, and provide internship and training opportunities.

For the second year, we continued to maintain an even keel amid the challenges posed by COVID-19. Our order book remained robust and increased to \$19.3b in financial year 2021. The total economic contributions by the Group in 2021 was \$7.2b.

Further details can be found in the Performance Review

and Financial Report in Annual Report 2021

Group Economic Contribution	(">\$m)
Bought-in material and services	4,501
Employee wages, salaries and benefits	2,122
Dividends and interest paid	513
Government taxes and levies	88
Total	7,224



→ **TOTAL ECONOMIC CONTRIBUTIONS**

\$7.2b

KEY GOAL FOR 2022

- Continue to make economic contributions, provide good jobs and invest in our communities

SOCIAL

→ Economic Performance

MANAGEMENT APPROACH

Inclusive growth and value creation for the Group and stakeholders are key to our long term viability. We invest and contribute to the local communities where we operate so that they will thrive and become more resilient. We are committed to delivering a sustainable and balanced triple bottom line of “People, Planet, Profit”. We do this by creating employment and providing opportunities for local SMEs, partner with local education and training institutions, and collaborating with research organisations. We also assist our communities through our corporate community contributions.

Our strategic planning community reviews the Group’s strategy in the evolving context of global trends and developments. Our operations and support function teams focus on operational excellence to ensure the smooth delivery of quality products and services that add value for our stakeholders.

Wherever we operate, we are committed to paying our share of taxes and the transparent reporting of what we pay. We also support accountability in the way taxes and royalties are used.

SOCIAL

CORPORATE COMMUNITY CONTRIBUTIONS

WHAT WE ACHIEVED IN 2021

- Organised the inaugural ST Engineering MOVEment, an internal fundraising event
- Supported communities through our three focus areas
- Created opportunities for skills-based volunteerism

→ Our lives are deeply intertwined with the communities where we operate. It is our responsibility to seed positive growth where we have sunk roots, so that we prosper together.

We believe in building an inclusive, resilient and vibrant society in which people can thrive and be safe. Our community investments and philanthropic efforts are guided by three focus areas: charitable gifts, education and engineering.

For 2021, restrictions on physical interactions were largely maintained due to COVID-19. Undeterred, we persevere in our efforts to do good as we do well. In addition to in-kind and financial support, we serve our communities through volunteering and skills-based contributions.

\$2.8m*
IN COMMUNITY CONTRIBUTIONS



\$250,000
per annum to NTUC Education and Training Fund over four years since 2018

>\$640,000

to the Community Chest's SHARE programme

\$108,000
to The Straits Times School Pocket Money Fund

\$398,000

to President's Challenge 2021

\$100,000

to Vietnam's COVID-19 Vaccine Fund

\$50,000

to the Singapore Institute of Technology's (SIT) Student Relief Fund @ SIT (COVID-19)

* Includes other donations and sponsorships not listed here.

SOCIAL

→ Corporate Community Contributions

Improving Lives Through Charitable Gifts

We promote a purpose-driven giving culture by encouraging employees to participate actively in fundraising activities and community programmes to improve lives.

A Winning Effort

We presented \$398,000 to President Halimah Yacob for President's Challenge 2021 in Singapore, raised from the inaugural ST Engineering MOVEment. Employees contributed over \$640,000 to the Community SHARE* programme. Our efforts to uplift communities and empower lives were recognised with our third consecutive Charity Platinum Award at the Community Chest Awards 2021, for having made significant monetary* contributions.



Advocates in Action

At the height of the pandemic, 124 employees stepped up for the StayMasked distribution campaign by Temasek Foundation and were part of the volunteering efforts that enabled over 1.1 million households to successfully collect nearly 85 million masks from over 130 collection points across Singapore.



Community Beautification

Employees also volunteered for a beautification project at McAllister Park, on the north side of San Antonio, Texas, to remove debris from park grounds and keeping the park clean and safe for community use.



Upcycled Digital Gifts

We donated over 1,000 decommissioned laptops to Singapore-based Engineering Good for refurbishment and subsequent distribution to the less privileged.



Hands-on Help

In San Antonio, Texas, employees built cabinets for three families in need of affordable homes, in support of Habitat for Humanity of San Antonio.



New Toys; New Joys

In North America, we spread the festive cheer by donating a vast array of toys for children through programmes such as Jackson County Sheriff's Department's Santa Wears a Badge, San Antonio Police Officers Association's Blue Cares as well as the U.S. Marine Corps Reserve's Toys For Tots.

* Over a 12-month period between April 2020 to March 2021.

SOCIAL

→ Corporate Community Contributions

Enriching Lives Through Education

Education opens horizons and is key to society's progress. We work with partners and collaborators to create diverse learning pathways across industries and demographics.

1,224 Internships for STEM Talent

We believe that STEM education can help to create a brighter, better world and provided 1,224 technology and engineering internships in 2021 to nurture STEM talent.



Shipbuilding Apprenticeship Programme in Mississippi

Since 2020, we have accepted 50 apprentices into our annual apprenticeship programme held in partnership with the Mississippi Gulf Coast Community College. We develop and train them into quality shipbuilders for the marine industry within four years.



Photo: Gulf Coast Community College

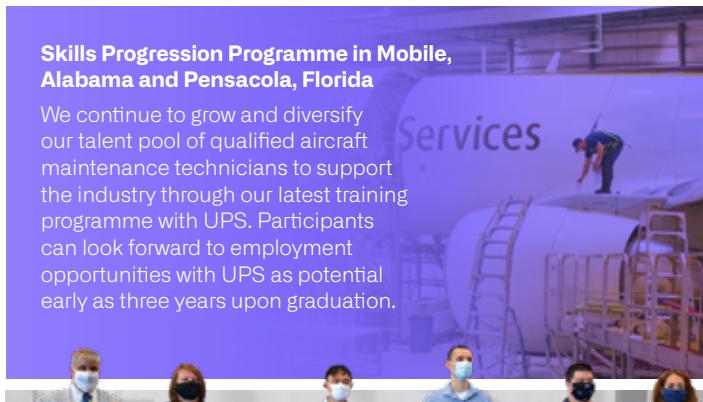
Supporting Education through the Pandemic

We raised \$108,000 for The Straits Times School Pocket Money Fund by donating \$2 from every AIR+ Reusable Mask sold[#], providing children and youths from low-income families in Singapore with pocket money to help them through school.

We contributed \$50,000 to the Singapore Institute of Technology's (SIT) Student Relief Fund @ SIT (COVID-19) to support 29 undergraduates facing financial hardship due to COVID-19.

Skills Progression Programme in Mobile, Alabama and Pensacola, Florida

We continue to grow and diversify our talent pool of qualified aircraft maintenance technicians to support the industry through our latest training programme with UPS. Participants can look forward to employment opportunities with UPS as potential early as three years upon graduation.



The Pensacola Mayor's Scholarship in Pensacola, Florida

We give out the scholarship annually to grow local aircraft talent to support the growth of the Northwest Florida aviation workforce. Starting in 2022, we expanded the programme from four to eight recipients.

Proud Partner of Assumption Pathway School

As a proud education and vocation partner of Assumption Pathway School, we have provided consistent support since 2013. In 2021, we gave out two Achievement awards and two Best Progress awards, placed 16 students on a two-week industry experiential programme, while supporting student enrichment and innovation projects.

We also helped set up the first Assumption Pathway School student-run, on-the-job training café open to the public at our Jurong East office in Singapore. The initiative creates authentic learning opportunities and experiences beyond the familiarity of the school compound to strengthen students' competencies and employability.



[#] Over a 12-month period between March 2021 to February 2022.

SOCIAL

→ Corporate Community Contributions

Touching Lives Through Engineering

We use our technology, expertise and engineering skills to provide solutions and knowledge transfer to communities or through their intermediaries to enhance quality of life.

Industry Consultancy

We participated in industry workshops to provide insights on co-creating and developing Singapore's Industry Digital Plan for Social Services to ramp up the sector's broad-based digitalisation. The end product included a step-by-step guide on digital solutions that the social service agencies can adopt to improve productivity and stakeholder satisfaction as well as training programmes that they can tap on to enhance their employees' digital skills.



Cybersecurity for the Non-Profit Sector

We helped the non-profit sector in Singapore achieve greater cyber resilience. By sharing our cybersecurity expertise, 235 representatives from 167 social service agencies and charities were made more cyber ready to protect their organisations and data. We co-organised the fireside chat together with the National Council of Social Services in line with Singapore's Industry Digital Plan for Social Services.



Free Vehicle Roadworthiness Inspections

Since 2020, our vehicle inspection business in Singapore has been drawing on its core capabilities to support social causes and non-profit organisations by providing complimentary vehicle roadworthiness inspections to Metta Welfare Association for their fleet of 11 ambulances and buses. In 2021, we extended these free inspections to SPD's fleet of 11 vans so that they can also channel the waived inspection fees towards other pressing needs, especially given the additional operational challenges arising from COVID-19.



KEY GOALS FOR 2022

→ Hold the second run of ST Engineering MOVEment as an internal fundraising event

→ Strengthen communities further through our three focus areas

→ Encourage staff volunteerism

SOCIAL

→ Corporate Community Contributions

MANAGEMENT APPROACH

Corporate success is sustainable and meaningful only when the organisation can bring a positive impact to the communities. We believe in being a responsible corporate citizen, contributing efforts in building an inclusive and resilient society.

We are committed to being a good corporate citizen where we operate. Making a positive impact in our host communities is aligned with our core value of compassion.

We actively promote a purpose-driven giving culture through corporate initiatives and volunteerism among our employees. We invest in our communities to help uplift them as well as support commercial activities that give back to the communities.

We measure, report and communicate our corporate community investments and philanthropy efforts. These programmes, coordinated by our Corporate Social Responsibility Committee, focus on three key areas:

- Improving Lives through Charitable Gifts
- Enriching Lives through Education
- Touching Lives through Engineering

GOVERNANCE

ETHICAL BUSINESS & REGULATORY COMPLIANCE

WHAT WE ACHIEVED IN 2021

- Expanded risk and compliance training programme to cover additional regulatory compliance topics
- Engaged stakeholders to strengthen the enterprise risk management process

→ We have zero tolerance for fraud and corrupt practices. Our Code of Business Conduct and Ethics forms the backbone of our commitment to ethical business conduct and regulatory compliance. We remain focused on meeting all relevant regulatory and customers' requirements where we operate, including those relating to cybersecurity, data governance and protection, and business continuity.

In 2021, we expanded our risk and compliance training coverage to include the General Data Protection Regulation (GDPR). For our North American operations, topics on preventing workplace harassment and export control compliance were added to their existing training programme. We also continue to review our risk and compliance training programme to ensure that applicable risk and compliance topics are rolled out through e-learning.

Additionally, we engaged key Group HQ functions throughout the year to formalise our risk heat-maps and update their key risks.

We achieved a 100% completion of the Anti-Bribery and Corruption (ABC) e-learning course for relevant employees. ABC is a core focus area of our governance training. We continue to review our courses to ensure their relevance to our businesses around the world.



- **reported cases of bribery and corruption in 2021**
- **reported violations of export control regimes in 2021**
- **significant fines or non-monetary sanctions for non-compliance with environmental, health and safety regulations**

KEY GOALS FOR 2022

- Enhance staff awareness of key compliance topics such as export control and personal data protection
- Refresh the control self-assessment process to enhance the basis of assurance provided to the Board



GOVERNANCE

→ Ethical Business & Regulatory Compliance

MANAGEMENT APPROACH

Commitment

Good governance is the foundation for long-term value creation and ST Engineering is committed to conducting its business in a responsible manner, supported by a group-wide enterprise risk management framework and backed by a strong Code of Business Conduct and Ethics.

As a company listed in Singapore, we are bound by the listing rules and guidance promulgated by the Singapore Exchange (SGX), and we comply with all the requirements listed in the Singapore's Code of Corporate Governance.

We comply with applicable laws and regulations of all relevant jurisdictions and industries in order to maintain our licences to operate.

We have zero tolerance for fraud and corrupt practices in our business units globally and throughout our value chain.

Governance and Organisation

Governance refers to having the appropriate people, processes and structures to direct and manage the business and affairs of the company to enhance long-term stakeholder value and achieve long-term sustainable business performance.

The Board has the dual role of setting strategic direction and the Group's approach to governance. This includes establishing the appropriate culture, values and ethical standards of conduct at all levels of the Group. The Board not only provides oversight, but fosters more complete discussions, leading to better decisions and enhanced business performance.

The Group Risk & Assurance function assists the EXCO in overseeing matters relating to governance, risk and compliance. It has in place a regulatory compliance framework and compliance related policies, and continually conducts mandatory training of our global workforce on our Code of Business Conduct and Ethics (Code) and other relevant compliance topics.

The Code sets out the guiding principles and desired behaviour with which our employees are expected to operate, and embraces the business practices and standards of behaviour that support our commitment to honest and ethical business conduct. The standards set out in the Code have also been embedded in various corporate and operational policies and procedures. Ethical audits, based on our Code are conducted as part of internal audits by the ST Engineering Internal Audit Department.

GOVERNANCE

→ Corporate Governance Report

→ Good corporate governance is the foundation for long-term value creation of the Group. This Report sets out ST Engineering's corporate governance processes, practices and activities in 2021 with specific reference to the principles and provisions of the Singapore Code of Corporate Governance 2018 (the Code). The Board is pleased to report that the Company has complied with the principles and substantially with the provisions of the Code. Variations from any provision of the Code are explained in this report.

BOARD MATTERS

The Board's Conduct of its Affairs (Principle 1)

The Board is accountable to shareholders for overseeing the effective management of the Company. To this end, the Board relies on the integrity, commitment, skills and due diligence of its management, its external advisors and auditors and hold management accountable for performance. The Board puts in place a Code of Business Conduct and Ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company.

In addition to its statutory responsibilities, the Board reserves the following key matters for its decision:

- setting the Group's strategic objectives and ensuring that decisions made are consistent with these objectives;
- approval of annual budgets, major funding proposals, investment and divestment proposals in accordance with the approved delegation of authority framework;
- appointment of the Group President & Chief Executive Officer (Group President & CEO), Board succession and appointments on Board committees;
- appointment of key management executives and succession planning as an ongoing process;
- appointment and removal of the Company Secretary;
- review of the risk management framework and sustainability performance; and
- approval of the unaudited half-yearly and audited full-year results prior to their release.

In the discharge of its functions, the Board is supported by six Board Committees to which it delegates specific areas of responsibilities for reviewing and decision making. The Board decides on matters that require its approval and clearly communicates this to management in writing. The Board Committees, are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board.

The Group President & CEO, Vincent Chong, is accountable to the Board. He is supported by the Group Executive Committee (EXCO) comprising Group Chief Financial Officer (Group CFO), Group Chief Operating Officer (Technology & Innovation) and President Defence & Public Security, and President Commercial.

Director Induction, Training/Development

For the onboarding of a Board member, a formal letter is sent to a Director upon his/her appointment setting out his/her statutory obligations, duties and responsibilities as a Director. He/She is also given key information of the Group and the Company, as well as the terms of reference for the respective Board Committees. An induction programme is organised for a new Director on the strategic direction, sustainability efforts and performance of the Group as well as his/her duties and obligations under the statutory compliance and corporate governance framework. The induction programme includes briefings by Presidents/Business Heads of various business areas including facility visits, where applicable, to enable them to develop a good understanding of the Group's business, operations and the respective key management.

The Board is routinely updated on the relevant laws, Singapore Exchange Securities Trading Limited (SGX-ST or the Exchange) continuing listing obligations and accounting standards requiring compliance, and their implications to the Group, so as to enable each Director to properly discharge his/her duties as a Board member and Board Committee member.

GOVERNANCE

→ Corporate Governance Report

Depending on their skill sets and background, Directors are sponsored to attend relevant courses, conferences and seminars to better equip them with the appropriate skills and knowledge to fulfil their governance role and to comply with Directors' obligations. Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. Where there are statutory and regulatory changes that affect the obligations of Directors, the Company will update the Board and, where the changes are substantive, through briefings organised by external legal counsel. During the year, the Company arranged for the following briefings for the Board:

- (i) Update on Cyber Threat Landscape;
- (ii) Global Sustainability Trends 2021; and
- (iii) Global fraud, bribery and corruption threat landscape and emerging trends.

The Directors were also informed of relevant courses organised by Singapore Institute of Directors or other external professional organisations for their enrolment.

The Directors' trainings and developments were funded by the Company. For new Director without any prior experience as a director of an issuer listed on the Exchange, the Company will arrange for the Director to attend training as prescribed by the Exchange.

Board Meetings

The Board convenes scheduled meetings on a quarterly basis to review the business performance and key activities of the Group and to deliberate significant business proposals. Board members participate actively in Board discussions, and decisions are taken objectively in the interests of the Company. Where warranted by particular circumstances, ad-hoc/special Board meetings may be convened to consider corporate actions requiring the Board's guidance or approval.

To facilitate the Board and Board Committees' decision-making process, the Company's Constitution provides for Directors to participate in virtual meetings. If a Director is unable to attend a Board or Board Committee meeting, he/she will still receive all the materials to be tabled for discussion at that meeting, and where required, separate briefing sessions are arranged. Decisions of the Board and Board Committees may also be obtained via circulation. At the end of every Board meeting, the Chairman allocates time for its non-executive Directors to meet without the presence of management.

Information furnished to the Board is an ongoing process, which includes monthly consolidated management reports on the financial performance of the Group and the businesses. On a quarterly basis, the management reports would also include key business highlights and capital expenditure of the Group and the businesses to keep the Board apprised of business investments and performance updates.

The Board also has separate and unrestricted access to the Senior Management, the Company Secretary, internal and external auditors, risk management and sustainability teams. The Board may also seek independent professional advice, if necessary, to enable them to discharge their duties effectively.

All engagements of external advisers are at the Company's expense.

The Board and Board Committee meetings are scheduled well in advance. The Board and Board Committee members are provided with complete, adequate, relevant and timely information on matters to be discussed or considered at meetings.

The Board has, at all times, exercised independent judgment to make decisions, using its collective wisdom and experience to act in the best interests of the Company. Any Director who has an interest that may conflict with a subject under discussion by the Board, declares his/her interest and either recuses himself/herself from the information and discussion of the subject matter or abstains from decision-making.

Board met
9 times
in 2021



The Company has adopted half-yearly reporting and provides operational updates in the first and third quarters to the market and analysts alike. Board and Audit Committee meetings continue to be held quarterly.

During the year, the Board met quarterly to consider, among other things, the approval and release of the FY2020 and 1H2021 results, including the review of the 1Q2021 and 3Q2021 Market Updates. The Board also scheduled additional meetings to discuss and deliberate on the strategic direction and growth of the Group.

GOVERNANCE

→ Corporate Governance Report

Details and attendance at Board and Board Committee meetings in 2021 are tabulated below.

Board Members' Details			Meeting Attendance Report*							
Names	Independent (I)/ Non- Independent (NI)	Executive (E)/ Non-Executive (NE)	● Chair of the Board/ Board Committee ● Member of the Board/ Board Committee							
			Board	AC	ERCC	NC	RD&T	RSC	SFC	GM
			Number of meeting held in FY2021							
Vincent Chong Sy Feng	NI	E	9 9/9	5	3	3	1 1/1	5 5/5	2 2/2	2 2/2
Kwa Chong Seng	I	NE	9 9/9		3/3	3/3			2/2	2/2
Kevin Kwok Khien ¹	I	NE	1/1 1/1	1/1						1/1 1/1
Leong Weng Keong Joseph	NI	NE	9/9 9/9							2/2 2/2
Lim Ah Doo	I	NE	8/9 ⁷ 8/9 ⁷	4/5					2/2 2/2	2/2 2/2
Lim Chin Hu	I	NE	8/9 ⁷ 8/9 ⁷		3/3	3/3	1/1		2/2 2/2	2/2 2/2
Lim Sim Seng	I	NE	9/9 9/9		3/3	3/3			2/2 2/2	2/2 2/2
Ng Bee Bee (May)	I	NE	9/9 9/9			2/3				2/2 2/2
LG Ong Su Kiat Melvyn	NI	NE	8/9 ⁷ 8/9 ⁷					4/5 4/5		1/2 1/2
Quiek Gim Pew ²	NI	NE	5/5 5/5				1/1 1/1	3/3 3/3		1/1 1/1
Quiek See Tiat	I	NE	9/9 9/9	5/5 5/5					5/5 5/5	2/2 2/2
Song Su-Min	I	NE	9/9 9/9	5/5 5/5					5/5 5/5	2/2 2/2
Tan Peng Yam ³	NI	NE	4/4 4/4							1/1 1/1
Teo Ming Kian ⁴	I	NE	4/4 4/4		1/1 1/1	1/1 1/1			1/1 1/1	1/1 1/1
COL Cai Dexian ⁵ (Alternate to LG Ong Su Kiat Melvyn)	NI	NE	1/1 1/1							1/1 1/1
COL Xu Youfeng ⁶ (Alternate to LG Ong Su Kiat Melvyn)	NI	NE	3/8 3/8							

AC-Audit Committee, ERCC-Executive Resource and Compensation Committee, NC-Nominating Committee, RD&T-Research, Development and Technology Committee, RSC-Risk and Sustainability Committee, SFC-Strategy and Finance Committee, GM-Annual General Meeting and Extraordinary General Meeting

* Refer to meetings held/attended by each Director.

¹ Appointed as Director and member of AC on 1 October 2021 and appointed as member of RSC on 1 December 2021.

² Retired as Director and Chairman and member of RD&T and RSC respectively on 1 August 2021.

³ Appointed as Director on 1 August 2021 and appointed as Chairman of RD&T on 15 August 2021.

⁴ Appointed as Director on 1 August 2021 and appointed as member of ERCC, NC, RD&T and SFC on 15 August 2021.

⁵ Appointed as Alternate Director to LG Ong Su Kiat Melvyn on 1 October 2021.

⁶ Ceased as Alternate Director to LG Ong Su Kiat Melvyn on 1 October 2021.

⁷ Directors were unable to attend an ad-hoc Board meeting due to a prior commitment. Separate briefing sessions were arranged for the Directors to provide their feedback on the materials and discuss related issues with management prior to and/or after the meeting.

Role of Company Secretary

The Company Secretary/Joint Company Secretary attends all Board meetings and ensures that board procedures are followed, as well as prepares minutes of Board proceedings. The Company Secretary/Joint Company Secretary facilitates communication between the Board, its Committees and management, and advises the Board on governance matters

including their timely disclosure obligations. The Company Secretary/Joint Company Secretary also assists with the induction of new Directors and the coordination of training for Board members to keep the Board up to date on corporate governance matters. The appointment and removal of the Company Secretary/Joint Company Secretary is a matter for the Board as a whole to decide.

GOVERNANCE

→ Corporate Governance Report

Board Composition and Guidance (Principle 2)

Board Composition and Diversity

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. The Board comprises 13 Directors and an Alternate Director. COL Cai Dexian is Alternate Director to LG Ong Su Kiat Melvyn. LG Ong, in his position as Chief of Defence Force, may be called away on duty at times and may not be able to attend all

9

Independent &
Non-Executive
Directors

3

Non-Independent
& Non-Executive
Directors

1

Executive Director/
Group President & CEO



The Board of Directors with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Having considered the scope and nature of the operations of the Group, the NC and the Board are satisfied that the current composition and size of the Board provide for diversity and allow for informed and constructive discussion and effective decision making at Board and Board Committee meetings.

The Board is committed to observe the need for diversity when selecting its members. The contribution each Director brings and the composition thereof provides a good reflection on the range and adequacy of diversity on the Board.

11

Male
Directors

2

Female
Directors



Board meetings. COL Cai is fully apprised of all Board matters, receives notices to attend Board meetings and Board papers, as well as Board resolutions by circulation. As Alternate Director, he is in a position to act on behalf of LG Ong in the latter's absence.

The Board adopted a Board Diversity Policy since 2019. The Board, through the Nominating Committee (NC), reviews and assess the size and composition of the Board taking into consideration the age, skill sets, knowledge, experience, background, gender, cultural ethnicity, tenure, independence of Directors and other relevant factors. The Board also recognises that diversity is not limited merely to gender or any personal attributes and believes that having experienced directors with an independent mindset is important for the Board to be effective.

There are two female Directors on the Board. The Directors' ages range from the forties to seventies, and they have served on the Board for various tenures. The Board consists of members with established track records in defence, business leadership and professional experience in energy, finance (including audit and accounting), banking, technology, legal, business management and risk and management domains. Each Director brings to the Board an independent perspective based on his/her training and professional expertise to enable the Board to make balanced and well-considered decisions.

During the year, the Board welcomed the following new Directors:

- (i) Kevin Kwok Khien was appointed as an independent and non-executive Director and was appointed as member of AC and RSC.
- (ii) Tan Peng Yam was appointed as non-independent and non-executive Director and was appointed as Chairman of RD&T.
- (iii) Teo Ming Kian was appointed as an independent and non-executive Director and was appointed as member of ERCC, NC, RD&T and SFC.
- (iv) COL Cai Dexian was appointed as Alternate Director to LG Ong Su Kiat Melvyn.

Board Independence

The Board has 12 non-executive Directors of which nine are independent Directors. The Code requires non-executive directors to make up a majority of the Board. The independence of each Director is determined upon appointment and reviewed annually, and as and when circumstances require, by the NC, in accordance with the requirements of the SGX-ST Listing Manual, the Code and where relevant, the recommendations set out in the Practice Guidance accompanying the Code.

GOVERNANCE

→ Corporate Governance Report

The Board, taking into account the views of the NC, affirmed that the independent Directors are Kwa Chong Seng, Kevin Kwok Khien, Lim Ah Doo, Lim Chin Hu, Lim Sim Seng, Ng Bee Bee (May), Quek See Tiat, Song Su-Min and Teo Ming Kian. Each of the members of the NC and the Board recused himself/herself from the deliberations on his/her independence.

Kwa Chong Seng, Kevin Kwok Khien, Lim Ah Doo, Lim Chin Hu, Lim Sim Seng, Quek See Tiat, Song Su-Min and Teo Ming Kian declared that each of them does not have any relationships with the substantial shareholder, no management relationship and no business relationship with the Company and its group of companies, that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of ST Engineering.

Kwa Chong Seng attained his nine years of service on the Company's board on 1 September 2021. The NC has reviewed and affirmed that he is an independent Director.

The Company sought and obtained Shareholders' approval at its AGM held in April 2021 by way of a two-tier vote pursuant to Rule 210 (5)(d)(iii) of the SGX-ST Listing Manual, for Kwa Chong Seng to continue to be considered as independent Director with effect from 1 September 2021 and the approval for Mr Kwa to be independent Director will remain in force until the earlier of the retirement or resignation of Mr Kwa or the conclusion of the third AGM following the passing of the resolution.

The Board had confirmed its previous determination that Mr Kwa remains objective and independent in Board and Board Committee deliberations. He constructively challenges Management during Board and various Board Committee meetings on which he serves and his extensive experience enables him to provide wise counsel and guidance to facilitate sound decision-making. Mr Kwa's length of service on the Board neither interferes with his exercise of independent judgment nor hinders his ability to act in the best interests of the Company. On this basis, the Board is of the view that Mr Kwa will be able to continue to discharge his duties independently with integrity and competency.

Lim Sim Seng is the Group Head of Consumer Banking Group and Wealth Management of DBS Bank (DBS). DBS is one of the many Banks which ST Engineering group companies has a banking relationship with. All transactions between DBS and ST Engineering group companies are conducted in

the ordinary course of business and at arm's length on normal commercial terms. Our facilities with DBS are under Corporate Banking and not Consumer Banking or Wealth Management. Mr Lim is not involved in the day-to-day business operations of ST Engineering. He only receives Director's fees. Mr Lim recused himself from discussions and decisions involving DBS's dealings with ST Engineering group companies. With the aforesaid, the NC determined that business relationships between ST Engineering group companies and DBS would not affect Mr Lim's independence. The Board is of the view that the relationships set out above do not interfere with the exercise of Mr Lim's independent business judgement in the best interests of ST Engineering and therefore, he is considered independent Director.

Sister of Ng Bee Bee (May) is an Executive Director (Corporate Banking) in United Overseas Bank (UOB) Singapore, but she is not overseeing the banking relationship of ST Engineering group companies with UOB. UOB is one of the many banks with which ST Engineering group companies have a banking relationship. All transactions between UOB and ST Engineering group companies are conducted in the ordinary course of business and based on normal commercial terms. The NC determined that her sister's position in UOB would not have any conflict or affect Ms Ng's independence. In the event of any engagement of UOB requiring the Board's approval, Ms Ng will recuse herself from discussions on UOB's dealings with ST Engineering group companies. The Board is of the view that the relationships set out above do not interfere with the exercise of Ms Ng's independent business judgement in the best interests of ST Engineering and therefore, she is considered independent Director.

Teo Ming Kian is a non-executive director of Temasek Holdings (Private) Limited (Temasek), which is a substantial shareholder of the Company. Mr Teo is not a nominee of Temasek on the Board of ST Engineering. His role on the Temasek board is non-executive in nature and he is not involved in the day-to-day conduct of the business of Temasek. Mr Teo is also not directly associated with Temasek in that he is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Temasek in relation to the corporate affairs of ST Engineering. It also does not generate any issue that may affect his independence as a Director of ST Engineering. The NC determined that Mr Teo's position in Temasek would not have any conflict or did not impair his ability to act with independent judgement in the discharge of his duties and responsibilities as a Director. The Board is of the view that the relationships set out above do not interfere with the exercise of Mr Teo's independent business

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judgement in the best interests of ST Engineering and therefore, he is considered independent Director.

Joseph Leong Weng Keong* is considered as non-executive non-independent Director given his position as Permanent Secretary (Defence Development) of Ministry of Defence.

LG Ong Su Kiat Melvyn is considered as non-executive non-independent Director given his position as Chief of Defence Force of Ministry of Defence.

Tan Peng Yam is considered as non-executive non-independent Director given his position as Chief Defence Scientist of Ministry of Defence.

Chairman and Chief Executive Officer (Principle 3)

The Chairman and Group President & CEO roles and responsibilities are kept separate in order to maintain effective oversight. The recommendation in the Code for a lead independent director is not applicable as the Chairman and the Group President & CEO are separate individuals and are not related. No individual or small group of individuals dominates the Board's decision making process. The Group President & CEO and senior management regularly consult with individual Board members and seek the advice of members of the Board Committees through meetings, telephone calls, as well as by email.

The Chairman is responsible for leading the Board and ensuring the effective functioning of the Board to act in the best interests of the Company and its shareholders. The Chairman facilitates the relationship between the Board, Group President & CEO and management, engaging them in open dialogue over various matters including strategic issues, sustainability, risks and business planning processes. He ensures that discussions at the Board level are conducted objectively and professionally where all views are heard and key issues are debated in a fair and open manner. The Chairman also ensures that adequate time is provided for discussion of strategic issues and key concerns at Board meetings. He represents the views of the Board to the shareholders.

Vincent Chong as an executive Director and Group President & CEO, is accountable to the Board for the conduct and performance of the Group. He has been delegated authority to make decisions within certain financial limits authorised by the Board. He is supported in his work by the Senior Management.

Board Membership and Board Performance (Principle 4 and 5)

The Board is supported by the following Board Committees:

- Audit Committee
- Executive Resource and Compensation Committee
- Nominating Committee
- Research, Development and Technology Committee
- Risk and Sustainability Committee
- Strategy and Finance Committee

Nominating Committee

Independent and Non-Executive Directors

Lim Chin Hu (Chairman)
Kwa Chong Seng
Lim Sim Seng
Ng Bee Bee (May)
Teo Ming Kian

The NC comprises five members, all of whom (including the chairman) are non-executive independent Directors. The NC is responsible for reviewing the composition of the Board and identifying suitable candidates to the Board, in particular, candidates with the appropriate qualifications, skill sets and experience who are able to discharge their responsibilities as Directors. Shortlisted candidates are recommended to the Board for approval. The NC is also responsible for reviewing and determining the independence of non-executive Directors annually, conducting Board performance evaluation, reviewing succession planning for the Board and its committees, including the Chairman and the Group President & CEO, as well as key Senior Management, and reviewing director training and professional development programmes according to the needs of each individual director.

NC met
3 times
in 2021



The NC is continually engaged in the Board renewal process of ST Engineering, having regard to the skills, experience and industry expertise needed for a balanced board composition to, among other

* Joseph Leong Weng Keong will cease to be a Director with effect from 1 April 2022.

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things, oversee governance, risks and sustainability within the Group's business. When the need for a new director is identified, potential candidates are identified from various sources including internal references or recommendations made by Directors. The NC will assess a shortlist according to the type of expertise needed. The NC will also assess a candidate's character, independence and experience to ensure that he/she has the requisite standard of competence to carry out his/her duties as a director of a listed company as well as to enhance the Board's effectiveness.

The NC is tasked to oversee and review the succession planning process for board renewal including that of the Chairman of the Board, having regard to achieving a balance of skills, diversity, independence, knowledge and attributes required of an effective Board. The NC also oversees and reviews the succession planning for the Group President & CEO and key senior management.

Board Evaluation

The NC conducted an annual Board Evaluation to gauge the effectiveness of the Board and Board Committees as well as the individual Board member's performance.

With effect from FY2021, the Company engages an independent external consultant once every three years to facilitate the Board evaluation process and provide the Board with an independent perspective of the Board's performance, including benchmarking against peer boards and best practices.

In FY2021, Aon Solutions Singapore Pte. Ltd. (Aon), an independent external consultant was appointed to facilitate the Board evaluation process. The performance criteria includes Board composition, information management, Board processes, ESG, Board strategies and priorities, managing Company's performance, CEO Development and succession planning, Director development and management, risk management, Board Committee effectiveness covering general evaluation of Committees, Committee self evaluation, overall perception and Directors' peer evaluation on individual Director's performance. The evaluation was conducted by way of questionnaire via online platform. A report on Board and Committee evaluation (including benchmarking against general market and recommendation) was shared with the NC and the Board. The Board took on board the recommendations and feedback in the report on areas for improvement. In respect of the Individual Director's performance, the NC and Board Chairmen acted on the results of the evaluation and arrange for one-to-one feedback session with the director, where necessary.

Maximum Board Representation

The NC reviews directorships of the Board and determine if a Director is able to and has been adequately carrying out his or her duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments.

The NC noted the list of other directorships held by our Directors, taking into consideration their principal commitments. The NC and the Board are satisfied that each of the Directors is able to devote time to carry out his/her duties as Director in the Company.

The Board has considered and agreed not to set guidelines for a maximum directorship that a Director can hold. Annually, an incumbent Director is asked to affirm that he/she has adequate time to devote to his/her Board responsibilities. ST Engineering Board members are selected on the basis of their ability to contribute to the Board through their relevant skill sets, experience, calibre and willingness to devote time. In addition, each director is required to provide an annual affirmation of commitment to his/her Board responsibilities. With these considerations, the Board is of the view that setting a maximum number of board representations for our Directors is not needed.

Re-election of Directors

The NC is also responsible for renewal and succession plans to ensure Board continuity. At each Annual General Meeting (AGM), one-third of the directors with those longest in office since his/her last re-election have to retire. Effectively, this results in all directors having to retire at least once every three years or even earlier, in compliance with Rule 720(5) of the SGX-ST Listing Manual. A retiring director may submit himself/herself for re-election. Under this provision, Lim Chin Hu, Quek See Tiat and Song Su-Min will retire at the 2022 AGM. Kevin Kwok Khien, Tan Peng Yam and Teo Ming Kian who are newly appointed during FY2021, will hold office until the forthcoming AGM of the Company. The retiring Directors, being eligible, have offered themselves for re-election. In accordance with Rule 720(6) of the SGX-ST Listing Manual, the information relating to the retiring Directors seeking re-election is found on pages 25 to 27 of this Annual Report.

Each of the retiring non-executive Directors has confirmed that he/she does not have any relationship with his fellow Directors nor with the Company and its substantial shareholders.

The Board, acting on the recommendation of the NC, proposes that each of the retiring Directors be re-elected at the Company's 2022 AGM.

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Strategy and Finance Committee

Independent and Non-Executive Directors

Kwa Chong Seng (Chairman)

Lim Ah Doo

Lim Chin Hu

Lim Sim Seng

Teo Ming Kian

Non-Independent and Executive Director

Vincent Chong Sy Feng

The Strategy and Finance Committee's (SFC) role includes guiding management in the development and execution of the Group's five-year plan and growth strategies as well as deliberating and approving tender proposals which are above established contract value limit.

The SFC has incorporated sustainability and ESG factors in the Group's five-year plan. Details of the Group's efforts in this area can be found in our Sustainability Report.

The SFC also reviewed the 2022 Budget prior to submission to the Board for approval.

SFC met
2 times
in 2021



Research, Development and Technology Committee

Non-Independent and Non-Executive Director

Tan Peng Yam (Chairman)

Independent and Non-Executive Directors

Lim Chin Hu

Teo Ming Kian

Non-Independent and Executive Director

Vincent Chong Sy Feng

The Research, Development and Technology Committee's (RD&T) role includes setting policies and direction for strategic R&D investments and

related activities, promoting R&D and inculcating innovative culture, identifying areas of synergy with respect to R&D capabilities, facilities and resources, as well as identifying new technologies that will enhance the core businesses of the Group.

Please refer to page 30 of this Annual Report for details on the Company's Technology & Innovations activities and expenditures.

RD&T met
1 time
in 2021



REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 6)

Level and Mix of Remuneration (Principle 7)

Disclosure on Remuneration (Principle 8)

Executive Resource and Compensation Committee

Independent and Non-Executive Directors

Kwa Chong Seng (Chairman)

Lim Chin Hu

Lim Sim Seng

Teo Ming Kian

The Executive Resource and Compensation Committee (ERCC) performs the role of the remuneration committee. The members of the ERCC have held senior positions in large organisations and are experienced in the area of executive remuneration policies and trends. All ERCC members are non-executive independent directors.

ERCC met
3 times
in 2021



All decisions at any meeting of the ERCC are decided by a majority of votes of the ERCC members present and voting (the decision of the ERCC shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration).

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The ERCC performs the following duties and responsibilities:

Executive Remuneration General Framework

- Reviews and recommends to the Board the Group's general framework for determining executive remuneration including the remuneration of the Group President & CEO, key management executives of the Group (EXCO) and other senior management executives (collectively referred to as "Senior Management Executives").

Executive Director and Senior Management Executives

- Reviews and recommends to the Board the entire specific remuneration package and service contract terms for the Group President & CEO, who is also the executive Director.
- Considers, reviews, approves and/or varies (if necessary) the entire specific remuneration packages and service contract terms for the Senior Management Executives of the Group. For FY2021, the Board reviewed and approved the specific remuneration packages and service contract terms for the key management executives.

Non-Executive Director Remuneration

- Reviews and recommends to the Board the remuneration framework (including directors' fees) for non-executive Directors.

Equity-based Plans

- Approves the design of equity-based plans and reviews and administers such plans.

Executive and Leadership Development

- Oversees the development of management with the aim of a continual build up of talent and renewal of strong and sound leadership to ensure the continued success of the Group and its businesses.
- Approves appointments to Senior Management Executive positions within the Group.

For financial year 2021, Aon was engaged as remuneration consultant (Remuneration Consultant) to provide professional advice on Board and executive remuneration matters. Aon and its principal consultant are independent and are not related to the Group or any of its Directors.

Executive Remuneration Structure

Remuneration for the Senior Management Executives comprises a fixed compensation, variable cash-based incentives, share-based incentives and market-related benefits.

In 2020, as part of cost saving measures to mitigate COVID-19 impact, the Group implemented fee and salary reductions for the Board and senior management team ranging between 5% and 20%. Effective July 2021, the Group restored all fees and salary reductions.

A. Fixed Compensation:

The fixed compensation comprises the base salary and compulsory employer's Central Provident Fund (CPF) contributions.

B. Variable Cash-based Incentives:

The variable cash-based incentives include the Performance Target Bonus (PTB) and EVA-based Incentive Scheme.

Performance Target Bonus

The PTB is a cash-based incentive for Senior Management Executives which is linked to the achievement of annual performance targets that will vary depending on their job requirements.

Individual performance objectives are set at the beginning of each financial year. The performance targets are in financial, people, operational, customer and sustainability areas aligned to the business' strategic goals. These objectives are cascaded down to a select group of key executives creating alignment between the performance of the Group, Company and the individual.

The individual PTB payouts for the Group President & CEO and key management executives are determined by the ERCC based on the Group's, Company's and individual performance at the end of the financial year.

EVA-based Incentive Scheme

The EVA-based Incentive Scheme (EBIS), which is linked to the Company's economic value-add and financial performance forms part of the short-term incentives for the Senior Management Executives.

Under the plan, a portion of EBIS bonus declared for the financial year will be paid out annually, while the remaining portions will be deferred in an EVA bank. Amounts in the EVA bank are at risk because negative EVA will result in a clawback of EVA accumulated in the bank. This mechanism encourages the Senior Management Executives to work for sustained EVA generation and to adopt strategies that are aligned with the long-term interests of the Group.

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In addition, the Group has a clawback facility with respect to the EVA bank in the event of a restatement of the financial results of the Group subsequent to an earlier misstatement, and provisions for the forfeiture of the remaining EVA bank balance on termination due to misconduct or fraud resulting in any financial loss to the Group.

Based on the ERCC's assessment, the Group has met the predetermined targets in financial year 2021.

C. Share-based Incentives:

Shares which were granted in financial year 2021 were based on the Singapore Technologies Engineering Performance Share Plan 2020 (“PSP2020”) and the Singapore Technologies Engineering Restricted Share Plan 2020 (“RSP2020” and together with the PSP2020, the “2020 Share Plans”) approved and adopted by shareholders of the Company at the 23rd AGM held on 15 May 2020.

The 2020 Share Plans replaced the Singapore Technologies Engineering PSP 2010 (“PSP2010”) and the Singapore Technologies Engineering RSP 2010 (“RSP2010” and together with the PSP2010, the “2010 Share Plans”), both of which expired on 20 April 2020. The expiry of the 2010 Share Plans did not affect the awards under the 2010 Share Plans which were granted prior to such expiry, whether such awards had been released to participants (whether fully or partially) or not.

The 2020 Share Plans have substantially the same terms as the 2010 Share Plans, save for the introduction of new malus and clawback rights, a reduction in size limit (from 8% under the 2010 Share Plans to 5% under the 2020 Share Plans¹), amendments to take into account the changes to relevant legislation and the SGX-ST Listing Manual, and changes to streamline and rationalise certain other provisions.

The malus and clawback rights under the 2020 Share Plans allow the ERCC to cancel all or part of any award to the extent not yet released to the participant, and to exercise the right to clawback the monetary value of shares which have been released to the participant within a six-year clawback period, if certain exceptional circumstances occur in relation to that participant. Such exceptional circumstances include (but are not limited to):

- the grant of the relevant award being based on inaccurate financial statements;
- the participant having engaged in conduct which resulted in or contributed to any financial loss or reputational harm to the Company or the Group; and
- the participant having engaged in misconduct or committed fraud or breach of trust or duty in relation to the Company or the Group.

The Group also has clawback policies for the unvested shares granted under the 2010 Share Plans in the event of exceptional circumstances of restatement of the financial results of the Group subsequent to an earlier misstatement, or of misconduct or fraud resulting in any financial loss to the Group.

Share grants under the 2020 Share Plans during financial year 2021 did not exceed 0.5% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings), which is the yearly limit set by the ERCC for the 2020 Share Plans.

The aggregate number of shares issued and/or to be issued and the aggregate number of existing shares (including treasury shares) delivered and/or to be delivered, pursuant to the 2020 Share Plans, does not exceed 5% of the issued share capital of the Company (excluding treasury shares).

Details of the abovementioned share plans and grants are set out in the Share Plans section of the Directors' Statement from pages 132 to 135 of this Annual Report.

PSP2020

The objective of the PSP2020 is to motivate Senior Management Executives to strive for sustained growth and performance of the Group.

Performance share awards are generally granted on an annual basis and are conditional on the Group meeting targets set for a three-year performance period. The performance measures used in performance share grants are:

- Absolute Total Shareholder Return (TSR) taking reference to the Group's Cost of Equity; and
- Earnings Per Share (EPS) growth against pre-determined EPS growth targets over the relevant performance period.

¹ Percentages are of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings).

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A minimum threshold performance is required for any shares to be released at the end of the applicable performance period. The actual number of performance shares released will depend on the achievement of predetermined targets over the applicable performance period, capped at 170% of the shares granted.

The release of the shares is also conditional on satisfactory individual performance at the end of the performance period.

The performance share awards granted during financial year 2019 were conditional upon the performance of the Group from financial years 2019 to 2021. For this grant, the Group has partially met the predetermined target performance levels set.

RSP2020

The objective of the RSP2020 is to retain and motivate managers and above to strive for sustained long-term growth of the Group. The plan also aims to foster a share ownership culture among employees within the Group and to better align employees' incentives with shareholders' interests. The RSP2020 allows for restricted share awards to be granted to non-executive Directors ("NED Awards") as part of their remuneration in respect of their office as such in lieu of cash. Such awards, which are meant to align the interests of the Directors with those of shareholders, will consist of fully paid shares with no vesting periods or performance conditions imposed although the Directors will be required to hold the shares for certain moratorium periods.

Restricted share awards are generally granted on an annual basis. Save for NED Awards, restricted share awards are generally conditional on the Group meeting a target set for a one-year performance period. The performance measure used in such restricted share grants is:

- Return on Capital Employed (ROCE)

Under such awards, a minimum threshold performance is required for any shares to be released after the end of the applicable performance period. The shares will vest equally over a four-year period, subject to continued employment with the Group and maintaining a satisfactory performance rating for the financial year preceding each tranche of vesting.

The restricted share awards granted during financial year 2021 were conditional upon the performance of the Group in financial year 2021. For this grant, the Group has met the predetermined performance threshold level set.

D. Market-related Benefits:

The benefits provided are comparable with local market practices.

The Code requires a company to disclose the names and remuneration of the CEO and at least the top five key management personnel (who are not also directors or the CEO). Details of the remuneration package for the Group President & CEO are provided in the Summary Remuneration Table for directors on page 109. Details of the remuneration packages for the Key Management Executives are provided in the Summary Remuneration Table for Key Management Executives on page 110.

In performing the duties as required under its Terms of Reference, the ERCC ensures that remuneration paid to the Senior Management Executives are strongly linked to the achievement of business and individual performance targets.

This link is achieved in the following ways:

- a. Allocating a significant portion of executives' remuneration to be subjected to performance conditions and vesting schedules.
- b. Incorporating appropriate individual performance objectives for awarding of annual PTB. The performance targets are in financial, people, operational, customer and sustainability areas aligned to the business' strategic goals.
- c. Linking variable incentives to Group's performance conditions such as EVA, ROCE, EPS growth and Absolute TSR and requiring those conditions to be met for the incentives to be awarded or vested.
- d. Setting realistic yet stretched performance targets each year to motivate a high degree of business performance with emphasis on both short and long-term quantifiable objectives.

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An annual Pay-for-Performance Alignment study is conducted by the Remuneration Consultant and reviewed by the ERCC. The findings indicate strong Pay-for-Performance alignment for the Group in terms of both absolute and relative performance.

Under the Code, the compensation system shall take into account the risk policies of the Group, be symmetric with risk outcomes and be sensitive to the time horizon of risks. Having considered this, the ERCC has incorporated the following risk adjustments in the remuneration structure:

- a. Setting a prudent funding mechanism of annual bonus;
- b. Subjecting and deferring the vesting of 2020 Share Plans to pre-determined performance conditions and potential forfeiture under malus and clawback rights;
- c. Requiring the executive Director and key management personnel to hold a minimum number of shares under the share ownership guidelines; and
- d. Applying discretion, whenever necessary, to ensure that remuneration outcomes align with the long-term interests and performance of the Group and discourage excessive risk-taking.

The ERCC undertakes periodic reviews of the compensation system to identify potential compensation-related risks and consider policies and processes to manage risk exposures identified.

The ERCC is of the view that the level and structure of remuneration align with the long-term interests and risk management policies of the Group.

During financial year 2021, there were no termination, retirement and post-employment benefits granted to directors, Group President & CEO and Key Management Executives other than in accordance with the standard contractual agreement.

There were no employees who were immediate family members of a director or the Group President & CEO and whose remuneration exceeded S\$100,000 during

the financial year 2021, except for Quek Gim Chuah, the brother of Quek Gim Pew, who retired as a Director of the Company on 1 August 2021. Quek Gim Chuah has been with ST Engineering for 34 years since April 1987 and is currently the Vice President of Technical Training for the Commercial Aerospace's MRO business. He reports to the EVP & Head, Aerospace MRO, who functionally reports to President of the Commercial Aerospace business. In this role, he has no dealings with ST Engineering's Board of Directors. Like all other non-executive Directors, Quek Gim Pew was not involved in operational matters and the hiring, appraisal and remuneration of middle management, including that of his brother Quek Gim Chuah. For these reasons, we decided to respect Quek Gim Chuah's confidentiality by not disclosing his remuneration band.

Non-Executive Director Remuneration

Non-executive Directors (NEDs) have remuneration packages consisting of directors' fees and attendance fees, which are approved in arrears by shareholders for services rendered in the previous year. The Directors' Remuneration Framework comprises a basic retainer, attendance and additional fees for serving on Board committees.

For services rendered in financial year 2021, eligible NEDs will receive 70% of the total directors' fees in cash and 30% of the total directors' fees in the form of restricted shares which are governed by the terms of RSP2020, subject to shareholders' approval at its AGM in April 2022.

As the restricted shares are granted in lieu of directors' remuneration in cash, the shares will be granted outright as fully paid shares with no performance conditions attached and no vesting periods imposed. To encourage the alignment of interests of the NEDs with the interests of shareholders, the share grant has a moratorium on selling. Each eligible NED is required to hold shares in the Group worth the lower of: (a) the total number of shares in the Group granted to such NED as payment of the shares' component of the NEDs' fees for financial year 2011 and onwards; or (b) the number of shares of equivalent value to the prevailing annual basic retainer fee for a director of the Group. An NED can sell all his/ her shares in the Group a year after the end of his/her Board tenure.

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The computation of NEDs' remuneration is based on the following rates.

	From Private Sector (\$) FY2021
Chairman Fee (all-in)	750,000
Board Basic Retainer Fee	
Director	75,000
Additional/Committee Fees	
Audit Committee:	
- Chairman	52,000
- Member	29,000
ERCC, SFC, RD&T and RSC:	
- Chairman	35,000
- Member	18,000
Other Committees (including NC):	
- Chairman	29,000
- Member	14,000
Attendance Fees	
Per Board Meeting	5,000
Per Board Committee Meeting	2,500

The Chairman fee is a fixed fee covering Board basic retainer, Board Committee and meeting attendance fees. The fee is paid in a combination of cash (70%) and shares (30%). The shares granted, as part of the fee, are fully-paid with no performance conditions attached and no vesting period imposed. However, the shares will have to be held for at least two years from the date of grant, and the two-year moratorium will apply even in the event of retirement.

Fees for directors who hold public sector appointments follow the Directorship & Consultancy Appointments Council's (DCAC) guidelines as set out below.

	Public Sector NED fees (\$) FY2021
Chairman	45,000
Deputy Chairman/Chairman Executive Committee/ Chairman Audit Committee	33,750
Member Executive Committee/Member Audit Committee/Chairman of Other Board Committee(s)	22,500
Director	11,250

NEDs who hold public sector appointments will not be eligible for the shares component of the NEDs' remuneration. 100% of their remuneration in cash is payable to DCAC, where applicable.

The NEDs' remuneration payable, after reinstatement of Board fees¹ with effect from 1 July 2021, in respect of financial year 2021 is proposed to be \$2,025,158 (FY2020: \$1,680,047). Details of the directors' remuneration are provided in the Summary Remuneration Table for Directors on page 109.

¹ The Board volunteered to reduce Board fees by 10% from 1 May 2020.

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SUMMARY REMUNERATION TABLE FOR DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021 (GROUP): Payable by the Company

Executive Director	Salary * ¹ \$	Variable cash-based Incentives * ² \$	Benefits * ³ \$	Share- based Incentives * ⁴ \$	Directors' Total Fees * ⁵		
					Cash- based \$	Share- based \$	Total
Vincent Chong Sy Feng	944,409	1,868,703	130,947	1,942,958	-	-	4,887,017
Non-Executive Directors[#]							
Kwa Chong Seng	-	-	-	-	498,966	213,842	712,808
Kevin Kwok Khien ^(a)	-	-	-	-	24,670	10,573	35,243
Joseph Leong Weng Keong ^(b)	-	-	-	-	10,692	-	10,692
Lim Ah Doo	-	-	-	-	117,915	50,535	168,450
Lim Chin Hu	-	-	-	-	146,590	62,824	209,414
Lim Sim Seng	-	-	-	-	126,211	54,090	180,301
Ng Bee Bee (May)	-	-	-	-	93,861	40,226	134,087
LG Ong Su Kiat Melvyn ^(b)	-	-	-	-	10,692	-	10,692
Quiek Gim Pew ^{(b)(c)}	-	-	-	-	11,953	-	11,953
Quiek See Tiat	-	-	-	-	153,976	65,990	219,966
Song Su-Min	-	-	-	-	127,365	54,585	181,950
Tan Peng Yam ^(d)	-	-	-	-	45,337	19,430	64,767
Teo Ming Kian ^(e)	-	-	-	-	59,385	25,450	84,835
COL Cai Dexian ^(f) (Alternate to LG Ong Su Kiat Melvyn)	-	-	-	-	-	-	-
COL Xu Youfeng ^(g) (Alternate to LG Ong Su Kiat Melvyn)	-	-	-	-	-	-	-
Total for Non-Executive Directors	-	-	-	-	1,427,613	597,545	2,025,158

Payable by Subsidiaries

Executive Directors							
Vincent Chong Sy Feng ^(h)	-	-	-	-	30,000	-	30,000
Non-Executive Directors							
Quiek Gim Pew ^{(b)(i)}	-	-	-	-	5,799	-	5,799
Lim Chin Hu	-	-	-	-	20,000	-	20,000
Total for Non-Executive Directors	-	-	-	-	32,500	-	32,500

Non-Executive Directors' fees with reinstatement with effect from 1 July 2021.

*1 Salary includes base salary (with reinstatement) and employer CPF for the financial year ended 31 December 2021.

*2 Variable cash-based Incentives include Performance Target Bonus & EVA-based incentive declared.

*3 Benefits provided for employees are comparable with local market practices. These include medical, dental, insurances, transport, etc.

*4 Share-based Incentives consist of PSP and RSP shares granted for financial year ended 31 December 2021.

*5 The directors' cash fees and share grants will only be paid/granted upon approval by the shareholders at the forthcoming AGM of the Group.

(a) Pro-rated. Appointed as Director and member of AC on 1 October 2021 and appointed as member of RSC on 1 December 2021.

(b) Fees for public sector directors are payable to a government agency, the DCAC.

(c) Pro-rated. Retired as Director and Chairman and member of RD&T and RSC respectively on 1 August 2021.

(d) Pro-rated. Appointed as Director on 1 August 2021 and appointed as Chairman of RD&T on 15 August 2021. Director's fee is paid based on private sector NED remuneration fee structure.

(e) Pro-rated. Appointed as Director on 1 August 2021 and appointed as member of ERCC, NC, RD&T and SFC on 15 August 2021.

(f) Appointed as Alternate Director to LG Ong Su Kiat Melvyn on 1 October 2021.

(g) Ceased as Alternate Director to LG Ong Su Kiat Melvyn on 1 October 2021.

(h) Fees are payable to Singapore Technologies Engineering Ltd.

(i) Pro-rated. Ceased as Chairman and Director of a subsidiary on 18 June 2021.

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SUMMARY REMUNERATION TABLE FOR KEY MANAGEMENT EXECUTIVES FOR THE YEAR ENDED 31 DECEMBER 2021 (GROUP)¹:

Remuneration	Salary ² %	Variable cash-based Incentives ³ %	Benefits ⁴ %	Share-based Incentives ⁵ %	Total
Between \$2,250,000 and \$2,500,000					
Foo Chee Keng Cedric	26%	41%	3%	30%	100%
Ravinder Singh s/o Harchand Singh	26%	41%	3%	30%	100%
Between \$1,750,000 and \$2,000,000					
Lim Serh Ghee ⁶	25%	55%	7%	13%	100%
Tan Lee Chew ⁷	11%	51%	1%	37%	100%
Total for Key Management Executives					\$8,857,619

¹ The ERCC is of the view that the relevant Key Management Executives shall comprise members of the Group Executive Committee.

² Salary includes base salary (with reinstatement) and employer CPF for the financial year ended 31 December 2021.

³ Variable cash-based Incentives include Performance Target Bonus & EVA-based incentive declared.

⁴ Benefits provided for employees are comparable with local market practices. These include medical, dental, insurances, transport, etc.

⁵ Share-based Incentives consist of PSP and RSP shares granted for financial year ended 31 December 2021.

⁶ Lim Serh Ghee retired as Group Chief Operating Officer (Operations Excellence) on 31 October 2021.

⁷ Tan Lee Chew was appointed President Commercial on 1 September 2021.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls (Principle 9)

The Board is responsible for the governance of risk and ensures that Management maintains a sound risk management and internal control system to safeguard the interests of the Company and its shareholders.

The Board received a written assurance from the Group President & CEO and the Group CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

The Risk and Sustainability Committee (RSC) is established to ensure Management has adequate oversight over the awareness and handling of risks and sustainability matters.

Risk and Sustainability Committee

Independent and Non-Executive Directors

Quck See Tiat (Chairman)
Kevin Kwok Khien
Song Su-Min

Non-Independent and Non-Executive Directors

LG Ong Su Kiat Melvyn

Non-Independent and Executive Director

Vincent Chong Sy Feng

For the Board to discharge its duties objectively over risks and internal control, Management of ST Engineering meets with the Board and Board Committees frequently during the year.

RSC met
5 times
in 2021



a) Sustainability Oversight

The RSC oversees the Group's sustainability matters, including those related to climate change. It provides direction on sustainability strategies (short, medium and long term) and monitors progress on sustainability plans and commitments.

Information on sustainability is reported to the RSC via the Group Strategy and Sustainability Office.

Details on RSC's governance and oversight of sustainability are in our Sustainability Report.

Find out more about
Sustainability Oversight
in our Sustainability Report



b) Risk Governance

The RSC assists the Board in its risk governance responsibility, overseeing the responsibilities delegated to Management to ensure that there is a sound system of controls in place for identifying and managing risks in order to safeguard stakeholders' interests and the Company's assets.

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The RSC is supported on risk related matters by the Risk and Assurance (R&A) function which in turn works with Chief Risk Officers (CROs) of the respective businesses and management team. The R&A function is key to making sure that ST Engineering manages its risks well, complies with legal and regulatory requirements where it operates and has the right governance and controls in place. Specifically, the R&A function is to:

- work with Management to strengthen in-line controls and governance, risk management and compliance (GRC) culture;
- provide assurance to Management that the Group is conducting its business in compliance with all relevant and material regulations, customer requirements and internal procedures; and
- ensure the continued effectiveness of GRC frameworks, policies and procedures in Singapore and overseas business units.

Group Head, R&A reports to Group CFO. The R&A function provides leadership in the implementation of a Group-wide Enterprise Risk Management (ERM) framework that allows risks to be identified, assessed, monitored and managed by the business managers.

Enterprise Risk Management (ERM) Framework

The Group has put in place an ERM framework to identify, assess, monitor and manage key business risks in the short, medium and long term. The ERM framework sets out a common and consistent understanding of risks and risk tolerance limits across the Group. The framework allows the Board and Management to have a shared understanding of the risk philosophy and overall risk appetites as they establish business strategies and objectives.

The annual risk work plan is approved by the RSC.

There is at least a member on the RSC who is also a member of the AC to facilitate communication and access of information between the two Board Committees.

During the year, the Board formalised the Group Risk Appetite Framework and Risk Appetite Statements to promote broader risk awareness and reinforce the desired risk culture across the Group. Additionally, the R&A function has embarked on a review of the Control Self-Assessment Framework, aimed at fostering an integrated risk-based control environment and enhancing the basis of assurance from Management. This is expected to be progressively implemented for Singapore businesses in 2022, and for overseas business units in subsequent years.

a) Risk Appetite Framework

The Risk Appetite Framework defines the risk boundaries in line with our corporate strategy for compliance within the Group. Under this framework, the Board has approved the following Group Risk Appetite Statements with respect to our key risks in line with the Group's material ESG factors. They serve as a key conduit for aligning the Group's risk profile with the Group's corporate strategy and business models.



Strategic

We are committed to pursuing sustainable and inclusive growth to enhance our competitive advantage whilst upholding our core values.



ESG

We subscribe to ESG best practices to benefit all stakeholders.



Financial

- We aim to maintain a resilient balance sheet.
- We have a defined governance framework to evaluate and approve all investment and business transactions.



Regulatory Compliance

- We comply with all applicable laws and regulations in the countries where we operate in.
- We adopt a zero tolerance policy towards fraud, bribery and corruption.



Operational

- We are committed to "Safety Before Profits".
- We aim to achieve zero accidents at the workplace.



IT and Cyber

We are committed to protecting our data and systems including those entrusted to us by adopting best practices in cybersecurity.

The RSC provides oversight to the Group in formulating and reviewing risk policies and risk tolerance limits. These policies and limits are subject to periodic reviews to ensure that they continue to support the Group in achieving its strategic objectives and are aligned with the Group Risk Appetite Framework.

b) Risk Aware Culture and Training

Embedding the right culture throughout the organisation is important for effective risk management. The RSC recognises that good culture fosters openness that will enable management and staff to escalate concerns in a timely manner without fear. This will also promote better judgment and greater assurance to the Board and Management.

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As part of the risk awareness and communication programme, annual risk management training plans covering ST Engineering Code of Business Conduct and Ethics, and key risk and compliance topics are rolled out at the Group level. The RSC is updated regularly on the status of these trainings.

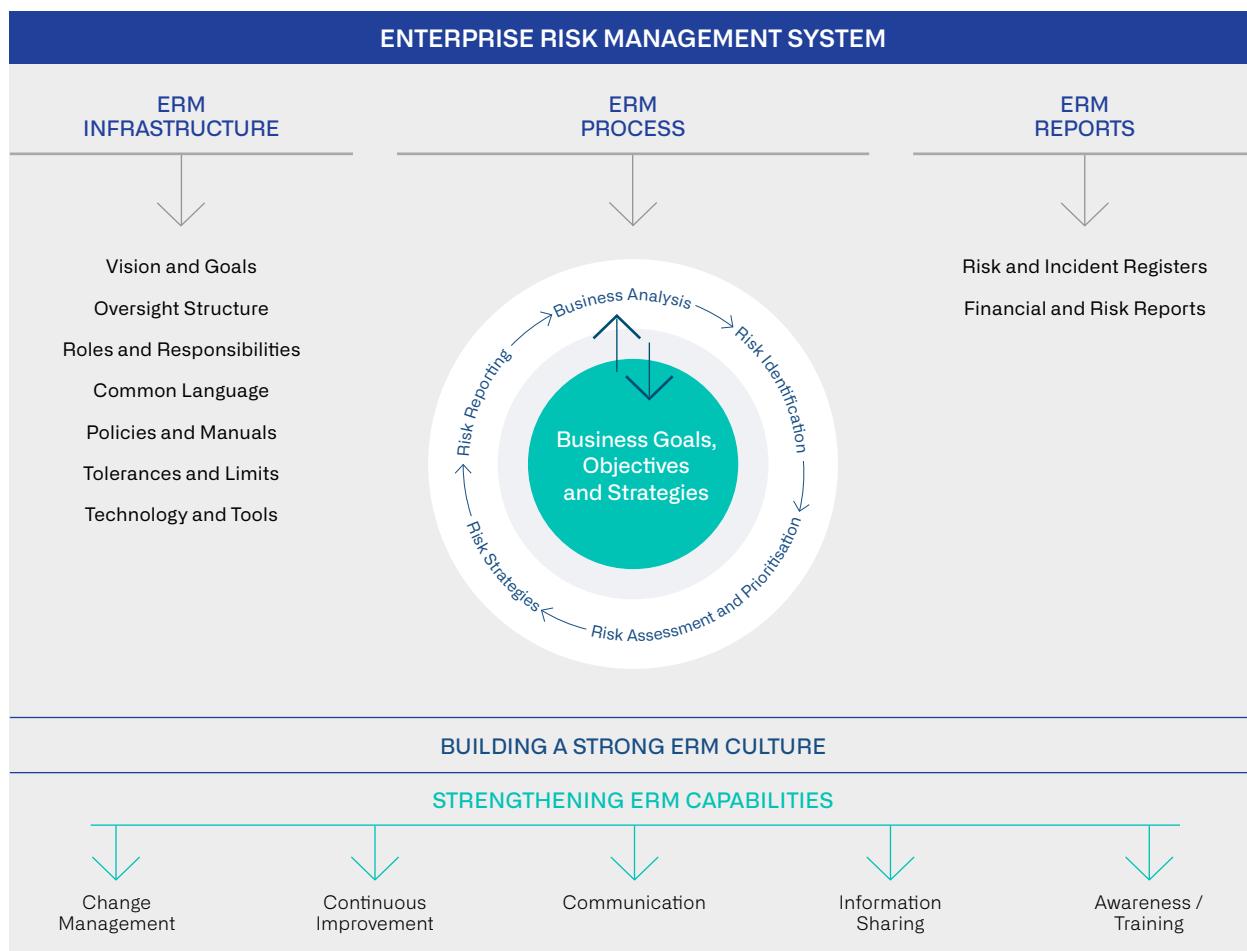
c) Risk Review Process

Under the ERM framework, a risk dashboard of the top business risks is developed and maintained by each of the significant business units, rolling up into a summary dashboard for respective businesses. Once the top business risks are identified, measures will then be taken to develop and implement risk preventive and mitigating actions (collectively known as “controls”) and risk monitoring processes. The business managers are required to periodically review the effectiveness of the controls implemented, and initiate the necessary changes as the risk profile changes.

Quarterly, Cluster Presidents and Presidents of the Business Areas, as well as their respective CROs review respective dashboard of top business risks with the RSC. At the meetings, the risk management action plans and measures to address these risks will be discussed. At the same time, they will also highlight the following for discussion:

- emerging trends and issues in each business area;
- new risks or changes to existing risk profile;
- new risk incidents;
- major risk exposures; and
- risk management actions taken on previously identified risks.

The RSC continues to monitor the implementation of risk management policies and procedures and receives updates on the risk registers maintained by the respective businesses. Key activities during the year include regulatory compliance reviews, as well as assessment of business disruption risks and their corresponding continuity plans.



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d) Control Self-Assessment Process

The Control Self-Assessment (CSA) is a process whereby the business risk owners, together with the respective control owners, evaluate and assess the effectiveness of the controls established to manage key risks. This self-assessment complements the basis of assurance from Management on the adequacy and effectiveness of the system of risk management and controls to manage the key business risks.

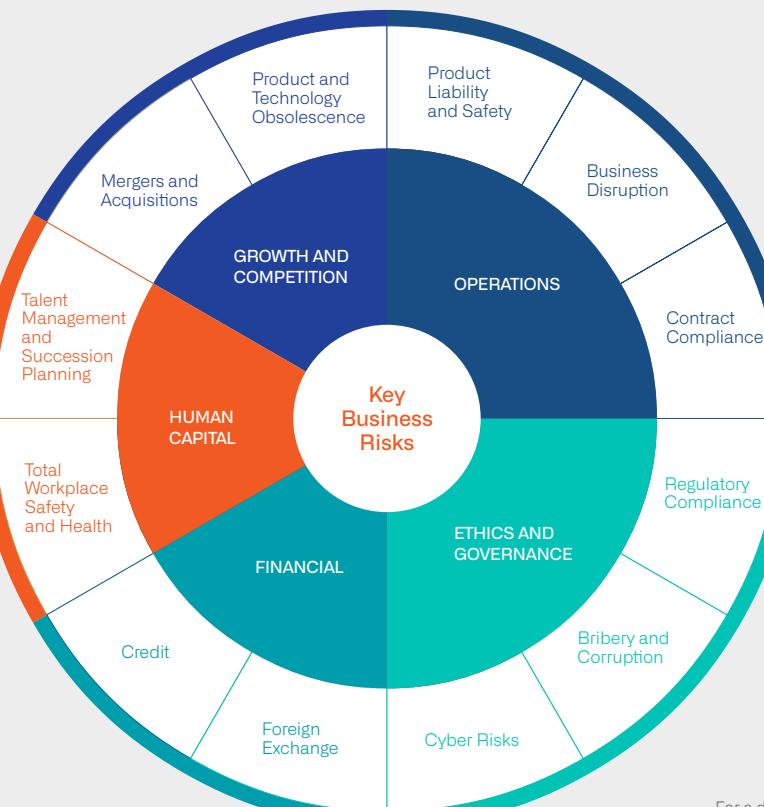
System of Internal Control and Risk Management

The Board receives, at regular intervals, updates from the Board Committees on the key business risks, the material controls to manage these risks, and the internal audit reports on the operational effectiveness of the material controls. Accordingly, the Board, through the Board Committees and supported by the Group's R&A function and Internal Audit function, is satisfied that internal control issues are identified on a timely basis and remedial actions are taken promptly to minimise lapses.

The Board has received assurance from the Group President & CEO and Group CFO on the adequacy and effectiveness of the Company's internal controls and risk management system. Based on the internal controls and risk management process established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management and various Board Committees, the Board is satisfied that the Group's framework of internal controls (including financial, operational, compliance and information technology controls) as well as the risk management systems are adequate and effective as at 31 December 2021.

The Audit Committee concurs with the Board on the adequacy and effectiveness of the internal controls and risk management systems established and maintained by the Group as at 31 December 2021. In this regard, the Board also notes that no framework of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, fraud or other irregularities.

KEY BUSINESS RISKS OF ST ENGINEERING



For a detailed write-up of the **Group's key risks**, please visit our corporate website:



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→ Corporate Governance Report

Audit Committee (Principle 10)

Independent and Non-Executive Directors

Quek See Tiat (Chairman)

Kevin Kwok Khien

Lim Ah Doo

Song Su-Min

The Audit Committee (AC) comprises all independent Directors with majority, including the AC Chairman, having relevant accounting or related financial management experience. The AC does not comprise any former partner or director of ST Engineering's existing audit firm within two years preceding their appointment to the AC and none of them have any financial interest in the audit firm.

The duties of the AC include the following:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and all announcements relating to financial performance;
- reviewing at least annually the adequacy and effectiveness of internal controls and risk management systems;
- reviewing the assurance from the Group President & CEO and the Group CFO on the financial records and financial statements;
- making recommendation to the Board on the appointment, removal, remuneration and the terms of engagement of the external auditors;
- reviewing the adequacy, effectiveness, independence, scope and results of both the external and internal audit functions; and
- reviewing the whistleblowing policy and arrangements and all significant whistleblowing cases; the AC Chairman also chairs the Whistleblowing Committee and is supported by the Group CFO, Group General Counsel, Group Chief Human Resource Officer, Group Head, R&A and Group Head, Internal Audit (Group Head, IA).

The Group Head, IA has unrestricted access to the AC. The AC reviews the appointment, remuneration and resignation of the Group Head, IA.

ST Engineering's IA function (IA) is staffed with individuals with the relevant qualifications and experience and comprises a team of 20 staff members, including the Group Head, IA, who reports to the AC.

IA is a corporate member of the Singapore Chapter of the Institute of Internal Auditors (IIA) and adopts the International Standards for the Professional Practice of Internal Auditing (the IIA Standards) laid down in the International Professional Practices Framework issued by the IIA.

The AC is satisfied that IA is independent, effective and adequately resourced.

The AC considered and approved the 2021 Audit Plans for the external and internal audits. In addition, the AC reviewed the adequacy of internal control procedures including cybersecurity issues, interested person transactions and the issues raised in all IA reports.

External Auditors

The appointment of external auditors is subject to approval at each AGM. In making its recommendations to shareholders on the appointment and re-appointment of external auditors, the Board relies on the review and recommendations of the AC. The AC reviews the adequacy, effectiveness, independence, scope and results of the external audit and makes recommendation to the Board on the appointment, removal, remuneration and the terms of engagement of the external auditors. In compliance with the SGX-ST Listing Manual, an audit engagement partner may only be in charge of an audit for up to five consecutive years. PricewaterhouseCoopers LLP, first appointed in 2020, has met this requirement, and the current audit engagement partner also took over ST Engineering's audit in 2020.

Fees paid to the external auditors for audit and non-audit services of the Group for financial year 2021 totalled \$4.5m, of which \$0.21m or 5% were for non-audit services. The AC was satisfied that the non-audit services provided by the external auditors did not compromise their independence.

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the engagement of its auditors.

AC met
5 times
in 2021



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During the year, the AC held five meetings, including a joint meeting with the RSC to review significant risks of the Company and related key controls.

The AC also met with the external auditors, and with the internal auditors, in each case without the presence of Management.

The AC reviewed the financial statements of the Group before the announcement of the Group's half-yearly

and full-year results. In the light of the COVID-19 pandemic impacting the Group's businesses, the AC reviewed the areas of financial statements affected by the pandemic. Amongst the matters discussed with Management and the external auditors, the following significant matters impacted the financial statements, and were reviewed by the AC in relation to their materiality and appropriateness in approach, methodology and assessment:

Significant matters	How the AC reviewed these matters
Impairment assessment of non-financial assets – goodwill	The AC reviewed the reasonableness of cash flow forecasts, the long-term growth rates and discount rates used in the valuation models in goodwill impairment assessments, as well as how the impact of COVID-19 has been considered in the cash flow forecasts. The AC also reviewed the stress testing of the valuation and its sensitivity to changes in key assumptions used in the valuation model.
Revenue recognition based on stage of completion	The AC reviewed the various controls that were designed and applied by the Group in the recognition of revenue and profit from contracts with customers to ensure that the estimates used in determining the amount of revenue and costs recognised for the performance obligations were appropriate.

The AC concluded that Management's accounting treatment and estimates were appropriate for the above significant matters. All the key audit matters (KAMs) that were raised by the external auditors for the financial year ended 31 December 2021 have been addressed by the AC and discussed in the above commentary. The KAMs in the audit report for the financial year ended 31 December 2021 can be found on pages 139 to 140 of this Annual Report.

The AC was kept updated on relevant changes in accounting standards and their implications on the financial statements.

Whistleblowing Policy

The AC has reviewed the ST Engineering Whistleblowing Policy and is satisfied with the procedures through which the employees and other stakeholders may, in confidence, raise concerns about possible improprieties in business conduct, financial report or other matters without the fear of reprisals. No form of retaliation to the informant (internal or external) is tolerated for any report made in good faith.

ST Engineering is committed to conducting business with integrity and adopts a zero-tolerance attitude towards any malpractice, impropriety, statutory non-compliance and/or any wrongdoing by board members, employees and any other parties with a business relationship with the Group. The Whistleblowing Committee – with the assistance of the Group Head, IA – reviews and deliberates over the contents of the incident raised and determines the subsequent measures to adopt, including making enquiries and pursuing investigations (internal or external). The AC reviews the adequacy of every investigation instituted with their corresponding outcomes. Under these procedures, arrangements are in place for independent investigation of reported concerns and for appropriate follow-up actions to be taken.

Harassment or victimisation of the whistleblower is not tolerated. Reasonable and appropriate actions, subject to applicable laws, are taken to protect all whistleblowers who raise a concern in good faith. Appropriate disciplinary action may be taken against employees who retaliate against the whistleblower.

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Our whistleblowing policy facilitates the in-confidence disclosures of possible impropriety or non-compliance. All reports, which may be made anonymously, are treated with strict confidentiality. Non-anonymous whistleblowers (with contactable details) are informed when investigations are concluded.

All stakeholders, including employees, customers, suppliers and the general public, can report incidents through various reporting channels that are independently managed.

[View our
whistleblowing reporting channels](#)

Whistleblowing Procedure

Employees and other stakeholders may raise their concerns anonymously or otherwise and/or write to seek advice on the ST Engineering's anti-bribery programme through the various whistleblowing communication channels (i.e. dedicated email account, postal address, 22 geographical toll-free telephone numbers, web and mobile reporting applications, hosted by an independent external provider).

Concerns involving any member of the Board or the Senior Management or the Group Head, IA may be reported directly to the Chairman of the Board, the AC Chairman and the Group President & CEO via dedicated email at AC@stengg.com. The reporting channels are published on the Group's website, intranet, and offices for accessibility and awareness. The Whistleblowing Policy and Procedures are reviewed by the AC from time to time to ensure that they remain relevant.

Interested Person Transactions

The Group has established policies and procedures for reviewing and approving interested person transactions (IPTs) in accordance with the general mandate from shareholders to ensure that such transactions are conducted fairly on an arm's length basis and will not be prejudicial to the interest of the Company and/or its minority shareholders.

The Group maintains a register of interested persons to facilitate the identification of IPTs.

IPTs are reviewed by internal auditors and reported to the AC on a quarterly basis.

Where any IPT requires shareholders' approval, the interested person abstains from voting and the decision is made by other shareholders.

The general mandate from shareholders is put up for approval at each AGM and stipulates the review procedures to ensure IPTs are undertaken on arm's basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the interested persons than those extended to unrelated third parties.

Details of IPTs entered into by the Group for financial year 2021 are set out on page 281 of this annual report.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings (Principle 11)

Conduct of 24th Annual General Meeting

Arising from the COVID-19 pandemic, ST Engineering's 24th AGM was conducted in accordance with the alternative arrangements for general meetings prescribed by a ministerial order issued under the COVID-19 (Temporary Measures) Act 2020.

The Annual Report, Notice of AGM and Proxy Form for the 24th AGM were made available via SGXNET and our corporate website. The meeting was conducted via electronic means whereby its shareholders attended via live audio-visual webcast or live audio-only stream. Shareholders submitted questions in advance upon registration for the attendance. The Company addressed the substantial and relevant questions received by publishing the answers via SGXNET and our corporate website before the meeting.

Our Group President & CEO started the 24th AGM by recapitulating the Company's growth strategy and aspiration, as well as the Group's performance in 2020. He also provided an overview of the Group's priorities in 2021, the Group's operations amid COVID-19 and the mitigation factors for COVID-19 impact as well as the Group's support to the local eco systems. The presentation material was also available on both SGXNET and our corporate website.

The Chairman and President & CEO addressed all questions submitted live during AGM.

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On voting, each proposal was put to vote as a separate resolution. We do not “bundle” resolutions. Shareholders appointed Chairman as their proxy to vote on their behalf at the 24th AGM. All proxy votes were received by the 72 hours’ deadline prior to meeting and were verified by the appointed independent scrutineers.

Extraordinary General Meeting (EGM)

The Company convened an EGM on 15 December 2021 to seek shareholders’ approval for the proposed acquisition of all of the issued and outstanding interests of TransCore Partners, LLC and TLP Holdings, LLC from TransCore Holdings, LLC. The Company received an overwhelming support of 99.92% approval for the proposed acquisition.

Read our
AGM and EGM minutes 

Provision 11.4 of the Code provides for a company’s constitution to allow for absentia voting at general meetings of shareholders. Presently, absentia voting (such as by mail, email or fax) is not permitted under the Company’s Constitution. The Company does not intend to amend its Constitution to provide for absentia voting until security, integrity and other pertinent issues relating to absentia voting are satisfactorily resolved. Nevertheless, the Company is of the view that notwithstanding its deviation from Provision 11.4 of the Code, shareholders are treated fairly and equitably and have the opportunity to communicate their views on matters affecting the Company. For instance, shareholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings if they are unable to attend.

Dividend Policy

On 24 February 2022, the Board approved a dividend policy to declare dividends every quarter instead of twice a year previously. For FY2022, the plan is for dividends to be paid four times a year, at 4.0 cents per share each time resulting in total dividends of 16.0 cents per share payable for FY2022 (compared to the 15.0 cents per share paid or payable for FY2021).

The dividends for FY2022 are currently scheduled to be paid in June 2022, September 2022, December 2022 and May 2023. As and when the Board declares an interim dividend for each of the first three quarters of FY2022, ST Engineering will announce the relevant record date and payment date on SGXNet. The final dividend payable in May 2023 is subject to shareholders’ approval at the ST Engineering AGM to be held in April 2023, the record date and payment date for which will be announced in conjunction with the release of the Group’s full-year financial results for FY2022.

This change from declaring dividends semi-annually to quarterly will provide shareholders with more frequent income streams. Notwithstanding the new dividend policy, ST Engineering continues to focus on and has sufficient financial capacity to seek growth pursuant to the Group’s strategy as communicated at its Investor Day in November 2021, and as it has demonstrated in the last few years.

Engagement with Shareholders (Principle 12)

ST Engineering treats all shareholders fairly and equitably in order to enable them to exercise shareholders’ rights and have the opportunity to communicate their views on matters affecting the Company. The Company ensures that all communications of material information, including price-sensitive and trade-sensitive information, are timely, balanced and fair and in compliance with the SGX-ST Listing Manual and the Code.

The Investor Relations (IR) department is an integral conduit between the Company and investment community. The Investor Relations team maintains regular dialogues with shareholders and the investment community through a multi-channel programme to promote effective communication that gives them a balanced and understandable assessment of the Company’s performance, position and prospects.

Targeted events such as AGMs, investor conferences, group briefings and one-on-one meetings offer opportunities for senior management and directors to interact first-hand with shareholders and the investment community to understand their views, gather feedback and address concerns.

Material information relating to the Company’s financial performance, business and strategic developments are published on SGXNET, and/or on our corporate website www.stengg.com.

A dedicated “Investor Relations” section on our website houses current and past annual reports, half-yearly financial reports and webcasts, quarterly market updates, as well as information on AGM and other information considered to be of interest to shareholders and the investment community. ST Engineering’s Annual Report is available on our corporate website within 120 days from the end of the Group’s financial year-end. A printed copy of the latest Annual Report can be ordered at no cost upon request via email at ir@stengg.com.

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→ Corporate Governance Report

ST Engineering published half-year and full-year financial reports comprising detailed financial statements and management commentaries on the financial and business performance of the Group within 45 and 60 days from the end of each respective financial period. Release dates of half-yearly financial reports are disclosed at least two weeks prior to the announcement date via SGXNET.

Briefings to present the half-year and full-year financial results are held for media, sell-side analysts and institutional funds, and we welcome retail investors to observe the briefings virtually. Links to live webcasts for these briefings are posted on SGXNET and our corporate website. Audio playback is made available on our website the same day. In addition, we hold briefings for sell-side analysts on 1st quarter and 3rd quarter to augment our half-yearly briefings, mainly to update on topical trends, contract wins and order book. The presentation materials are posted on SGXNET and our corporate website before trading starts.

In addition to the investment community, the IR team engages ESG-related research and rating agencies to communicate the Company's sustainability framework, approach and goals. Relevant functions or departments such as Sustainability, Human Resources and Risk & Assurance may also participate in these exchanges.

The Company's Investor Relations Policy, available in the "Investor Relations" section on our website, sets out general communication principles and mechanism of shareholder engagement. Contact details of the IR team are available on the corporate website. We value opportunities to engage with our investors and shareholders, who can contact the IR team directly through email or telephone. The IR team will respond to any queries received through email within three working days.

We welcome the investment community to subscribe to news alerts or follow our social media channels to stay updated on our business developments and happenings.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders (Principle 13)

The Company engages its material stakeholders. Details can be found in the Sustainability Report on page 12 and on our corporate website at www.stengg.com.

DEALINGS IN SECURITIES

The Company has in place a policy which prohibits our Directors and officers of the Company and the Group from dealing in ST Engineering's securities one month before the announcement of half-year and full-year financial results (the black-out period). They are informed of the commencement date for each black-out period and are regularly reminded not to deal in ST Engineering's securities at all times if they are privy to any unpublished material price-sensitive or trade-sensitive information. They are also advised to observe the insider trading laws at all times even when engaging in dealings in ST Engineering's securities within the permitted window periods, and not to deal in ST Engineering's securities on short-term consideration.

The Company will also not purchase or acquire its securities during the black-out period and at any time after a price-sensitive or trade-sensitive development has occurred or has been the subject of a decision until the price-sensitive or trade-sensitive information has been publicly announced.

CODE OF BUSINESS CONDUCT & ETHICS

Our Code of Business Conduct and Ethics (Code) is developed based on key principles guided by our Core Values - Integrity, Value Creation, Courage, Commitment and Compassion. This Code forms the backbone of our commitment to ethical business conduct and regulatory compliance. Our employees' performance appraisal are linked to the Code through the evaluation of the employees' demonstration of the Core Values.

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The Code of Business Conduct and Ethics is disseminated to employees globally in the form of handbooks and video messages from senior management. To supplement this Code, we have developed an e-learning module which is to be completed by all employees on a yearly basis.

Read more about our
Code of Business Conduct and Ethics 

LOBBYING & POLITICAL CONTRIBUTION

Political contributions, donations or sponsorships must be approved by management in accordance with the Group's approval limits policy and be made with the highest ethical standards and in compliance with all applicable laws of the jurisdictions where we operate in. They must not confer a personal benefit, and must not be given to gain a business advantage or to influence a business outcome or an official action.

CYBERSECURITY / DATA PRIVACY & PROTECTION

ST Engineering understands the need for strong cybersecurity as digital technology and highly connected economies and businesses bring new vulnerabilities from a proliferation of cyber threats. We continue to strengthen our cyber resilience with a system of cybersecurity capabilities that comprises People, Process and Technology.

We also equip our employees with relevant cybersecurity knowhow through internal campaigns to protect the Group from cyber threats.

Our Personal Data Policy is available on our website. We have implemented policies and practices in our organisation to ensure we comply with applicable data protection laws and regulations. These policies describe the types of personal data we may collect from individuals, how we may use that information, and to whom we may share it with. They also prescribe the measures that we take to protect the security of the personal data entrusted to us.

Read more about our
Personal Data Policy 

ANTI-BRIBERY & CORRUPTION

The Group has zero tolerance for fraud and corruption and has detailed policies and compliance procedures related to anti-bribery and corruption.

Employees

The Group has detailed policies for our employees, as well as training, compliance procedures and whistleblowing channels that are accessible to employees and external parties. Our Code is designed to ensure our employees uphold the highest standards of business ethics and integrity. Severe disciplinary actions will be taken in the event of any breach or non-compliance.

Risks

The Group's operations are assessed for risks related to corruption as part of the Enterprise Risk Management framework. In addition, the Group's R&A function and IA collaborate closely to examine potential corrupt practices in the planning and conduct of their reviews. The significant corruption-related risks as identified relate primarily to using third-party suppliers and intermediaries, corruption by employees, and gifts, hospitality, donations and sponsorships to business partners and public officials.

Conflict of Interest

Our Conflict of Interest policy provides guidance on the different types of conflicts, ranging from financial interest to employee relationships. All relevant employees are required to submit an annual declaration of conflict of interest. All declarations are subject to review by management, and employees are to comply with the recommended actions to address any conflict.

Gifts and Hospitality

The Group has a Gifts and Hospitality policy, setting out clear guidelines and principles on the giving and receipt of gifts and hospitality items. This includes charitable donations and sponsorships, where recipients are reviewed and subject to appropriate due diligence before approval by senior management.

Intermediaries

The appointment and re-engagement of intermediaries are governed by formal policy and procedures that entail a risk-based and thorough due diligence review process supported by independent, established service providers. The due diligence process includes (a) onboarding and ongoing screening against sanctions

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lists and negative media publicity, (b) mandatory anti-bribery and corruption training, and (c) compliance with our anti-bribery and corruption policy and clauses as part of the terms and conditions of the agreement. In addition, intermediaries are subject to due diligence checks by established, independent third-party service providers prior to and post appointment.

EXPORT CONTROL

Our Export Control Policy aims to ensure that all our exports are kept out of the hands of unauthorised users and not used for unauthorised purposes.

ST Engineering is committed to complying with all applicable laws, regulations, trade sanctions and embargoes (collectively referred to as “Export Control Regimes”) governing the export of goods, services, software, technology and information (“Controlled Items”) of all jurisdictions the Group operates in.

ST Engineering is also committed to taking steps to ensure that transactions undertaken by any party operating on behalf of the Group, including agents, distributors, and resellers, comply with applicable Export Control Regimes. Strict adherence to this policy is required, except to the extent that a more stringent local law applies.

The Group has in place a Regulatory Compliance Framework that proactively identifies applicable Export Control Regimes, and embeds compliance into the day-to-day business processes, namely commodities classification, screening of customers or end-users, end-use destinations, purposes, record keeping and tracking of Controlled Items.

Compliance with Export Control Regimes is facilitated by the Group’s Export Control Support structure that is staffed by Export Control Officers who are appointed at the Group, regional, country and Line of Business levels.

Regular awareness-level export compliance training is provided for all relevant employees, and targeted training for employees whose job functions entail greater involvement with Controlled Items.

In the event of potential or actual violations, immediate reporting, decision-making and corrective measures are to be carried out under the supervision of senior management and the EXCO. Significant violations are reported to the Risk and Sustainability Committee, where lessons learnt are distilled and shared.

Employees may also utilise the reporting channels found in our website to report potential violations of Export Control Regimes.

Access our
whistleblowing channels



AWARDS

People Excellence

2021 Singapore 100 Women in Tech

- By Singapore Computer Society, SG Women in Tech and Infocomm Media Development Authority
 - Tan Lee Chew, President Commercial
 - Chiang Yoke Fun, Senior Vice President, Head of Singapore Digital Business
 - Dr Vrizlynn Thing, Senior Vice President, Head of Cybersecurity Strategic Technology Centre



→ Han Meow Kwang received the prestigious Defence Technology Prize for his contributions in building up the indigenous capabilities for the design, development and production of the solid propellant rocket motor.

AMT Employer Diamond Award of Excellence

- By U.S. Department of Transportation Federal Aviation Administration
 - VT San Antonio Aerospace

Best Places to Work 2021 (Large Company)

- By Washington Business Journal
 - iDirect Government

Defence Technology Prize 2021 Individual (Engineering) Award Winner

- By Ministry of Defence
 - Han Meow Kwang, Head, Centre of Excellence at Land Systems

Top Five Most Attractive Engineering and Natural Science Employers in Singapore

- By Universum

Operations & Product Excellence

ASMI WSH Innovation Award (Silver & Bronze)

- By Association of Singapore Marine Industries
 - Marine



→ AIR+ was recognised for its distinctive brand identity and its ability to differentiate itself in a competitive market.

Defence Technology Prize 2021 Team (Engineering) Award Winner

- By Ministry of Defence
 - COVID-19 Command and Control (C2) Systems

Factory of the Future Award

- By Agoria
 - ST Engineering iDirect

Safety and Health Award Recognition for Projects

- By Workplace Safety and Health Council and Ministry of Manpower
 - Urban Solutions



→ ST Engineering iDirect's Manufacturing Competence Center was awarded the Factory of the Future for its best-in-class, future-proof and sustainable manufacturing technologies and processes.



Learn more

Business Excellence

Most Outstanding Company in Singapore (Industrials sector)

- By Asiamoney

Most Profitable Company (Industrial Conglomerates sector)

- By The Edge Singapore

Overall Sector Winner (Industrial Conglomerates sector)

- By The Edge Singapore

Top Companies in Singapore 2021

- By LinkedIn

Charity Platinum Award

- By Community Chest

Total Defence Awards

- By Ministry of Defence

Corporate Excellence & Resilience Award

- By Singapore Corporate Awards 2021

ST Engineering Chairman, Kwa Chong Seng → received the Corporate Excellence & Resilience Award from Ms Indranee Rajah, Minister, Prime Minister's Office and Second Minister for Finance and National Development at the Singapore Corporate Awards ceremony.

(Photo: The Singapore Corporate Awards)



GRI CONTENT INDEX

→ In Accordance with GRI Standards: Core Option

GENERAL STANDARD DISCLOSURES

GRI Standards	Disclosure	Page / Response
Organisational Profile		
102-1	Name of organisation	Singapore Technologies Engineering Ltd
102-2	Activities, brands, products & services	Annual Report 2021 pages 34-51 https://www.stengg.com/
102-3	Location of headquarters	ST Engineering is headquartered in Singapore. Annual Report 2021 page 01
102-4	Location of operations	Annual Report 2021 page 01
102-5	Ownership & legal form	Annual Report 2021 page 154
102-6	Markets served	Annual Report 2021 pages 01, 159, 161
102-7	Scale of the organisation	Annual Report 2021 pages 01, 52-53, 60-61, 93, 279 - 280
102-8	Information on employees and other workers	Sustainability Report 2021 pages 27-34
102-9	Supply chain	Sustainability Report 2021 pages 42-45
102-10	Significant changes to the organisation and its supply chain	In 2021, ST Engineering was reorganised into Commercial and Defence & Public Security clusters, replacing the previous sector-structure of Aerospace, Electronics, Land Systems and Marine. Annual Report 2021 pages 04-11
102-11	Precautionary Principle or approach	Meeting legal and regulatory requirements is core to our global operations, and embedded into our Code of Business Conduct and Ethics. Beyond full compliance to legal and regulatory requirements, we align our management systems to international standards such as ISO. Accordingly, our processes adopt a precautionary approach.
102-12	External initiatives	We align our management systems to international standards such as ISO. Sustainability Report 2021 pages 12, 14, 15, 17, 35, 38, 39 and 41
102-13	Membership of associations	ST Engineering and/or its key subsidiaries are members of the following organisations: a. Association of Company Emergency Response Teams (Singapore) b. Association of the Metal and Electrical Industry of Saxony (VSME) c. Association of Singapore Marine Industries (ASMI) d. Civil Air Navigation Services Organisation(CANSO) e. Conference Board - Asia Sustainability Council f. European Organisation for Civil Aviation Equipment (Eurocae) g. German Aerospace Industries Association (BDLI) h. German Chamber of Commerce and Industry (IHK) i. Global Compact Network Singapore (GCNS) j. Institute of Engineers, Singapore (IES) k. National Aerospace and Defense Contractors Accreditation Programme (Nadcap) l. Singapore Business Federation (SBF) m. Singapore Cybersecurity Consortium n. Singapore Institute of Directors (SID) o. Singapore Institution of Safety Officers p. Singapore International Chamber of Commerce q. Singapore Manufacturing Federation r. Singapore National Employers Federation (SNEF) s. Singapore Low Carbon Network t. The Institute of Internal Auditors u. United Nations Global Compact (UNGC)

GRI CONTENT INDEX

→ In Accordance with GRI Standards: Core Option

GRI Standards	Disclosure	Page / Response	
Strategy			
102-14	Statement from senior decision maker	Sustainability Report 2021 page 03	
Ethics & Integrity			
102-16	Values, principles, standards, and norms of behaviour	Sustainability Report 2021 pages 07-08 https://www.stengg.com/media/1076233/vendor-code-of-conduct-2020.pdf https://www.stengg.com/en/about/code-of-business-conduct-and-ethics/	
Governance			
102-18	Governance structure	Sustainability Report 2021 page 06	
Stakeholder Engagement			
102-40	List of stakeholder groups	Sustainability Report 2021 page 10	
102-41	Collective bargaining agreements	Sustainability Report 2021 page 34	
102-42	Identifying & selecting stakeholders	Sustainability Report 2021 page 11	
102-43	Approach to stakeholder engagement	Sustainability Report 2021 page 10	
102-44	Key topics and concerns raised	Sustainability Report 2021 page 11	
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Annual Report 2021 pages 252	
102-46	Defining report content & topic boundaries	Sustainability Report 2021 pages 01 and 11	
102-47	List of material topics	Sustainability Report 2021 pages 11 and 14	
102-48	Restatement of information	Nil.	
102-49	Changes in reporting	Nil.	
102-50	Reporting period	1 January to 31 December	
102-51	Date of most recent report	Annual Report 2020 issued in March 2021	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	sustainability@stengg.com	
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report 2021 page 01	
102-55	GRI content index	Sustainability Report 2021 pages 81-85	
102-56	External assurance	Our Singapore GHG emissions data are verified externally under ISO 14064-1:2016 - Greenhouse Gases	

GRI CONTENT INDEX

→ In Accordance with GRI Standards: Core Option

GRI STANDARDS - SPECIFIC STANDARD DISCLOSURES

GRI Standards	Disclosure	Page / Response												
Environmental Protection														
103-1	Explanation of the material topic and its Boundary													
103-2	The management approach and its components	Sustainability Report 2021 pages 14-18												
103-3	Evaluation of the management approach													
Energy 2016														
302-1	Energy consumption within the organization	Sustainability Report 2021 page 15												
302-3	Energy Intensity	Sustainability Report 2021 page 15												
Water 2016														
303-5	Water consumption	Sustainability Report 2021 page 16												
Emissions 2016														
305-1	Direct (Scope 1) GHG emissions	Sustainability Report 2021 page 15												
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report 2021 page 15												
305-3	Other indirect (Scope 3) GHG emissions	Sustainability Report 2021 page 15												
305-4	GHG emissions intensity	Sustainability Report 2021 page 15												
Productivity														
103-1	Explanation of the material topic and its Boundary													
103-2	The management approach and its components	Sustainability Report 2021 pages 14, 20-22												
103-3	Evaluation of the management approach													
Non-GRI	Value of realised productivity savings	Sustainability Report 2021 page 20												
Non-GRI	Value added per employment cost	Sustainability Report 2021 page 20												
Green Products & Services														
103-1	Explanation of the material topic and its Boundary													
103-2	The management approach and its components	Sustainability Report 2021 pages 14, 23-26												
103-3	Evaluation of the management approach													
Non-GRI	Highlights of green productsand services	Sustainability Report 2021 pages 23-25												
Environmental Compliance (Products and Services) 2016														
307-1	Non-compliance with environmental laws and regulations	Sustainability Report 2021 page 16												
People Excellence														
103-1	Explanation of the material topic and its Boundary	Sustainability Report 2021 pages 14, 27-34												
103-2	The management approach and its components													
103-3	Evaluation of the management approach													
<table border="1"> <thead> <tr> <th>Workforce by Employee Category</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Manager</td> <td>82%</td> <td>18%</td> </tr> <tr> <td>Executive</td> <td>74%</td> <td>26%</td> </tr> <tr> <td>Non-executive</td> <td>85%</td> <td>15%</td> </tr> </tbody> </table>			Workforce by Employee Category	Male	Female	Manager	82%	18%	Executive	74%	26%	Non-executive	85%	15%
Workforce by Employee Category	Male	Female												
Manager	82%	18%												
Executive	74%	26%												
Non-executive	85%	15%												

* Based on population of each employee category

GRI CONTENT INDEX

→ In Accordance with GRI Standards: Core Option

GRI Standards	Disclosure	Page / Response																		
Employment 2016																				
401-1	New employee hires and employee turnover	Sustainability Report 2021 pages 30																		
		<table border="1"> <thead> <tr> <th>By Age Group</th> <th>New Hire</th> <th>Turnover</th> </tr> </thead> <tbody> <tr> <td>30 and below</td> <td>43%</td> <td>26%</td> </tr> <tr> <td>30+ to 40</td> <td>18%</td> <td>18%</td> </tr> <tr> <td>40+ to 50</td> <td>12%</td> <td>12%</td> </tr> <tr> <td>50+ to 60</td> <td>8%</td> <td>7%</td> </tr> <tr> <td>Above 60</td> <td>5%</td> <td>10%</td> </tr> </tbody> </table>	By Age Group	New Hire	Turnover	30 and below	43%	26%	30+ to 40	18%	18%	40+ to 50	12%	12%	50+ to 60	8%	7%	Above 60	5%	10%
By Age Group	New Hire	Turnover																		
30 and below	43%	26%																		
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		* Based on total population of each employee category.																		
		<table border="1"> <thead> <tr> <th>New Hire</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>17%</td> <td></td> </tr> <tr> <td>By Gender</td> <td>16%</td> <td>20%</td> </tr> </tbody> </table>	New Hire	Male	Female	Total	17%		By Gender	16%	20%									
New Hire	Male	Female																		
Total	17%																			
By Gender	16%	20%																		
		* Based on total population of each gender.																		
Labour/Management Relations 2016																				
402-1	Minimum notice periods regarding operational changes	There was no stoppage of work arising from any industrial action in 2021.																		
Training and Education 2016																				
404-1	Average hours of training per year per employee	Sustainability Report 2021 page 30																		
		<table border="1"> <thead> <tr> <th>Employee Category</th> <th>Training hours</th> </tr> </thead> <tbody> <tr> <td>Manager</td> <td>11 hrs</td> </tr> <tr> <td>Executive</td> <td>17 hrs</td> </tr> <tr> <td>Non-executive</td> <td>29 hrs</td> </tr> </tbody> </table>	Employee Category	Training hours	Manager	11 hrs	Executive	17 hrs	Non-executive	29 hrs										
Employee Category	Training hours																			
Manager	11 hrs																			
Executive	17 hrs																			
Non-executive	29 hrs																			
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	All employees in Singapore receive regular performance and career development reviews																		
Non-discrimination 2016																				
406-1	Incidents of discrimination and corrective actions taken	We had 2 cases lodged in 2021. Refer to page Sustainability Report, page 31 for how we manage grievances due to harassment, discrimination and other prohibited conduct.																		
Freedom of Association and Collective Bargaining 2016																				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Report 2021 page 34																		
Total Workplace Safety & Health																				
103-1	Explanation of the material topic and its Boundary																			
103-2	The management approach and its components	Sustainability Report 2021 pages 14, 35-38																		
103-3	Evaluation of the management approach																			
Occupational Health and Safety 2016																				
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Sustainability Report 2021 page 36																		
Quality Products & Services																				
103-1	Explanation of the material topic and its Boundary																			
103-2	The management approach and its components	Sustainability Report 2021 pages 14, 39-41																		
103-3	Evaluation of the management approach																			

GRI CONTENT INDEX

→ In Accordance with GRI Standards: Core Option

GRI Standards	Disclosure	Page / Response
Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Sustainability Report 2021 pages 39-41
Responsible Procurement		
103-1	Explanation of the material topic and its Boundary	
103-2	The management approach and its components	Sustainability Report 2021 pages 14, 42-45
103-3	Evaluation of the management approach	
Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Sustainability Report 2021 pages 42-43
Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Sustainability Report 2021 pages 42-45
Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Sustainability Report 2021 pages 42-45
Economic Performance		
103-1	Explanation of the material topic and its Boundary	
103-2	The management approach and its components	Sustainability Report 2021 pages 14, 46 and 47
103-3	Evaluation of the management approach	
Economic Performance 2016		
201-1	Direct economic value generated and distributed	Sustainability Report 2021 pages 46
Corporate Community Contributions		
103-1	Explanation of the material topic and its Boundary	
103-2	The management approach and its components	Sustainability Report 2021 pages 14, 48-52
103-3	Evaluation of the management approach	
Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report 2021 pages 48-52
Ethical Business & Regulatory Compliance		
103-1	Explanation of the material topic and its Boundary	
103-2	The management approach and its components	Sustainability Report 2021 pages 14, 53 and 54
103-3	Evaluation of the management approach	
Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Sustainability Report 2021 pages 07, 69-70, 77-79
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report 2021 pages 53, 55-56, and 78
205-3	Confirmed incidents of corruption and actions taken	Nil in 2021
Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	Sustainability Report 2021 pages 04 and 53

UNITED NATIONS GLOBAL COMPACT

TEN PRINCIPLES - INDEX

Principle	Page / Response
Human Rights	
1. Businesses should support and respect the protection of internationally proclaimed human rights; and	Sustainability Report 2021 pages 03 and 07
2. make sure that they are not complicit in human rights abuses.	Sustainability Report 2021 page 07
Labour	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Sustainability Report 2021 pages 07 and 33
4. the elimination of all forms of forced and compulsory labour;	Sustainability Report 2021 page 07
5. the effective abolition of child labour; and	Sustainability Report 2021 page 07
6. the elimination of discrimination in respect of employment and occupation.	Sustainability Report 2021 pages 07 and 31
Environment	
7. Businesses should support a precautionary approach to environmental challenges;	Sustainability Report 2021 pages 08, 13, 14 - 18
8. undertake initiatives to promote greater environmental responsibility; and	Sustainability Report 2021 pages 08, 13, 14 - 18
9. encourage the development and diffusion of environmentally friendly technologies.	Sustainability Report 2021 pages 08, 13, 14-18, 23-26
Anti-Corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery.	Sustainability Report 2021 pages 07, 53-54 and 77-78

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) STANDARDS

→ Aerospace & Defense | Version 2018-10

TOPIC / ACCOUNTING METRIC	CODE	PAGE / RESPONSE
Energy Management		
(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	RT-AE-130a.1	Sustainability Report 2021 pages 4 and 15
Hazardous Waste Management		
Amount of hazardous waste generated, percentage recycled	RT-AE-150a.1	Sustainability Report 2021 pages 16
Number and aggregate quantity of reportable spills, quantity recovered	RT-AE-150a.2	Nil.
Data Security		
(1) Number of data breaches, (2) percentage involving confidential information	RT-AE-230a.1	Sustainability Report 2021 page 53
Description of approach to identifying and addressing data security risks in (1) company operations and (2) products	RT-AE-230a.2	Sustainability Report 2021 page 78 https://www.stengg.com/personal-data-policy
Product Safety		
Number of recalls issued, total units recalled	RT-AE-250a.1	
Number of counterfeit parts detected, percentage avoided	RT-AE-250a.2	
Number of Airworthiness Directives received, total units affected	RT-AE-250a.3	Not disclosed due to confidentiality reasons
Total amount of monetary losses as a result of legal proceedings associated with product safety	RT-AE-250a.4	
Fuel Economy & Emissions in Use-phase		
Revenue from alternative energy-related products	RT-AE-410a.1	Sustainability Report 2021 pages 23-26
Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products	RT-AE-410a.2	Sustainability Report 2021 pages 23-26
Materials Sourcing		
Description of the management of risks associated with the use of critical materials	RT-AE-440a.1	Sustainability Report 2021 page 44 and 45
Business Ethics		
Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery, and/or illicit international trade	RT-AE-510a.1	Sustainability Report 2021 page 53
Revenue from countries ranked in the "E" or "F" Band of Transparency International's Government Defence Anti-Corruption Index	RT-AE-510a.2	We do not report revenue breakdown by individual country.
Discussion of processes to manage business ethics risks throughout the value chain	RT-AE-510a.3	Sustainability Report 2021 pages 69-72 and 77-79
Production by reportable segment	RT-AE-000.A	Annual Report 2021 page 03
Number of employees	RT-AE-000.B	Sustainability Report 2021 page 30



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