

SUSTAINABILITY REPORT

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SIA ENGINEERING COMPANY



OVERVIEW

ABOUT THIS REPORT

SIA Engineering Company ("the Company" or "SIAEC") is firmly committed to upholding its role as a responsible global corporate citizen in every aspect of its business and operations. Since FY2007/08, SIAEC's Annual Reports have outlined the Company's environmental management efforts and corporate social responsibility activities, inter alia. In 2018, the sustainability section in the Annual Report was expanded and developed into our first comprehensive Sustainability Report. This second Sustainability Report highlights our sustainability practices and efforts for the financial year from 1 April 2018 to 31 March 2019 ("FY2018/19").

The report has been prepared with reference to the guidelines of the Global Reporting Initiative ("GRI") Standards: Core option and the Sustainability Reporting Guide from the Singapore Exchange.

We will seek external assurance for our reports at a time when we are more mature therewith.

REPORTING SCOPE AND BOUNDARY

All information, including data, statistics and targets, are in relation to SIAEC's operations in Singapore where the majority of our activities are carried out unless stated otherwise. Financial information relating to SIAEC Group's ("the Group") business can be found in the Annual Report from page 87. The full list of our subsidiaries, joint ventures and associated companies ("JVs") can be found on page 13 of the Annual Report.

FEEDBACK

Your feedback is important to us. Please address all feedback on our Sustainability Report and any aspect of our sustainability efforts to the Sustainability Working Group at siaec@singaporeair.com.sg.

ABOUT SIA ENGINEERING COMPANY

Listed on the Mainboard of the Singapore Exchange in 2000, SIA Engineering Company Limited is a limited liability company incorporated in Singapore. The Company is a subsidiary of Singapore Airlines Limited, and provides maintenance, repair and overhaul ("MRO") services¹ in Singapore to airline customers globally.

Apart from the operations in Singapore, the Group's business comprises 24 JVs forged with strategic partners and leading Original Equipment Manufacturers ("OEMs").

1. None of our services are banned in the locations that we operate.

These JVs in Singapore, Hong Kong, Indonesia, Japan, Philippines, the USA and Vietnam provide a wide range of MRO services from airframe and line maintenance, repair & overhaul of engines and components, engineering & material management support, to additive manufacturing.

MEMBERSHIP OF ASSOCIATIONS

The Company is a member of Singapore Business Federation, Singapore International Chamber of Commerce, Singapore National Employers Federation, Singapore Institute of Aerospace Engineers and Association of Aerospace Industries (Singapore).

MISSION STATEMENT



SIA Engineering Company is engaged in providing aviation engineering services of the highest quality, at competitive prices for customers and a profit to the Company.

CORE VALUES



Pursuit of Excellence

We strive for the highest professional standards in our work and aim to be the best in everything we do.



Safety

We regard safety as an essential part of all our operations. We maintain and adopt practices that promote the safety of our customers and staff.



Customer First

Our customers are foremost in our minds at all times. We go the extra mile to exceed their expectations.



Concern for Staff

We value our staff and care for their well-being. We treat them with respect and dignity and seek to provide them with appropriate training and development so that they can lead fulfilling careers.



Integrity

We strive for fairness in all our business and working relationships.



Teamwork

We work with pride as one team to achieve success together.



PNG KIM CHIANG
Chief Executive Officer



CEO'S MESSAGE

Last year, we expanded the sustainability section in the Annual Report into our first comprehensive Sustainability Report. Our second report continues the story of our sustainability journey and highlights our sustainability initiatives and efforts for FY2018/19.

In our pursuit to be the MRO service provider of choice, safety remains our foremost priority. Besides upholding high standards of quality in aircraft maintenance, we are committed to creating a safe work environment for our people. In FY2018/19, our reportable accident and severity rates have improved compared to the previous year. We will continue to implement safety initiatives to promote a safety mindset and improve our safety performance.

Our employees are integral to the success of our organisation. We value their contributions and invest in their training. In FY2018/19, each employee received an average 45 hours of training, which surpassed the target that we set for ourselves. We are also honoured to receive the SkillsFuture Employer Award for Non-SMEs for investing in the development of employees' skills, and building an organisational culture that emphasises lifelong learning.

No countries will be spared from the impact of climate change, including Singapore. To address this global issue, Singapore took a significant step of introducing the carbon tax, which has come into effect in 2019. We support the efforts by the global community and Singapore in combating climate change, and will continue to press on with our environmental efforts. For a start, we are enhancing our disclosure and reporting our carbon emissions. As we gain a better understanding of our emissions baseline, we will set our emission-reduction goals.

Some of the other highlights in FY2018/19:

- In the materiality assessment exercise conducted in 2018, we have revalidated our material topics to ensure that they remain relevant, and included additional topics which are material to our organisation and stakeholders, namely Employment, Labour/ Management Relations and Emissions.
- In line with our commitment to uphold high ethical standards in the conduct of our business, we have expanded our training on anti-bribery to a wider group of staff and updated the training materials.
- To adapt to the changing MRO landscape, we continue to invest in innovation. An exercise was conducted to benchmark our innovation and technological initiatives against the MRO industry, and a technology roadmap was developed to prioritise the adoption of technologies based on our business objectives and needs. We are also heartened to receive the Gold Award at the Changi Airport Group Annual Airport Safety Awards for our towing simulator, which was developed to provide an immersive risk-free training environment to enhance our staff's proficiency in aircraft pushback and towing operations.
- Our focus on human capital goes beyond SIAEC. To support the growth of the MRO industry, we collaborated with Singapore Institute of Technology on their Aircraft Systems Engineering degree programme, which has taken in the first batch of undergraduates.
- We are humbled to receive the Charity Bronze Award from the Community Chest for the third consecutive year. The recognition from the Community Chest is a testament to our longstanding commitment to contribute to the society.

We would like to thank all our staff and stakeholders who have contributed to our sustainability efforts. We look forward to your continued support.

BOARD STATEMENT

The Board provides guidance and works with the Management Committee on SIAEC's overall strategic direction, policies and business objectives, taking into consideration key material environmental, social and governance factors. The Board oversees the management of these factors through its involvement in the various Board Committees and regular engagement with Senior Management.

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MANAGING SUSTAINABILITY

We aim to achieve our goals in a sustainable manner, including contributing to the communities in which we operate. Our objective is to develop and grow our role as a responsible business entity and corporate citizen, with a focus on sustainability issues in Economic, Governance, Social and Environmental areas.

SUSTAINABILITY ORGANISATIONAL STRUCTURE

The Sustainability Working Group, headed by the Chief Financial Officer, drives sustainability initiatives across the organisation, and comprises members from the various operational and support divisions across the Company.

The Sustainability Working Group provides regular updates to the Management Committee, which is chaired by the Chief Executive Officer, and to the Board on sustainability-related matters.



MATERIALITY ASSESSMENT

The materiality assessment process includes identifying the key stakeholders critical to the business or are affected by the Company's operations, and the issues that are important to them. The identified issues were then prioritised, taking into account considerations such as the

interests and expectations of stakeholders, the Group's top risks, as well as our policies and processes.

In the materiality assessment exercise conducted in 2018, we have added three material topics: Emissions, Labour/Management Relations and Employment. The topics were reviewed by the Management Committee and the Board.



Economic

- Investments in JVs
- Transformation
- Innovation and Technology



Governance

- Anti-Corruption/Bribery*



Social

- Aviation Safety
- Diversity and Equal Opportunity
- Employment*
- Freedom of Association and Collective Bargaining
- Labour/Management Relations*
- Local Communities
- Non-Discrimination
- Supplier Social Assessment
- Training and Development*
- Workplace Safety*



Environment

- Effluents and Waste
- Emissions*
- Energy*
- Environmental Compliance
- Water

* Material topics


ENGAGING OUR STAKEHOLDERS

We engage² our stakeholders through various platforms to understand and address their interests and concerns. Regular communications with stakeholders enable us to

identify emerging trends, issues and concerns. Feedback is solicited on decisions and issues that affect our stakeholders.



The table below highlights some of the key topics and concerns from our stakeholders and examples of our approach to address them.

Stakeholders	Key Topics and Concerns	Examples of Approach / Responses
 <p>Employees</p>	<ul style="list-style-type: none"> • Company/Group performance, business updates and Transformation initiatives • Staff policies and activities • Workplace-related and safety-related issues • Collective Agreement matters and staff-related issues 	<ul style="list-style-type: none"> • Our inhouse magazine, Electronic Bulletin Board and Communication Packages provide timely updates to staff on latest news and information. • Half-yearly Business Meetings to update staff on the Company's performance and ongoing initiatives. • Organisational Climate Survey and Pulse Surveys to gather feedback from staff. • Management walkabouts in relation to various initiatives/ campaigns to demonstrate Management's commitment and support. • Monthly Union-Management meetings to discuss staff-related issues. • Informal get-together sessions and retreats for unions and Management to maintain collaborative relationships.

2. These engagements were not conducted specifically for the Sustainability Report.

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Stakeholders	Key Topics and Concerns	Examples of Approach / Responses
 <p>Customers</p>	<ul style="list-style-type: none"> • Status of their maintenance checks • Address customers' concerns and queries • Promote new engineering capabilities 	<ul style="list-style-type: none"> • Progress reports on the aircraft maintenance checks. • Annual independent customer survey to gather feedback from customers. • Quarterly review of compliments and complaints.
 <p>Shareholders</p>	<ul style="list-style-type: none"> • Challenges facing the Group • Financial performance of the Group • Transformation 	<ul style="list-style-type: none"> • Presentation to shareholders at Annual General Meeting on the challenges of the MRO industry and the strategies to position the Group for the future. • All financial results, as well as price-sensitive information, are released in a timely manner through the Company's website and via SGXNet. • Analyst briefings are held on a half-yearly basis. • Investor Relations email and telephone contacts for investors to reach out to the Company for queries. • Updates on the progress of Transformation are included in the quarterly announcements of financial results.
 <p>JV Partners</p>	<ul style="list-style-type: none"> • Review of JVs' performance • Review of key issues affecting growth and strategic objectives of the JVs with the partners • Matters requiring alignment with the JV agreements 	<ul style="list-style-type: none"> • Weekly internal meetings with Senior Management to review JVs' performance and issues. • JVs' issues are raised at the JV Board meetings and JV partners' meetings. • Scheduled internal audits on JVs' internal controls and compliance. • Periodic presentation on JVs' performance by JV Management and/or JV partners to SIAEC Board. • Partnership Management Division engaging JV Management on issues affecting JVs' performance. • Maintain good relationships with JV partners through events, visits etc.
 <p>Suppliers</p>	<ul style="list-style-type: none"> • Collaboration with suppliers to ensure that the Company continues to engage cost-effective and socially responsible suppliers • Supplier performance • Breaches of Supplier Code of Conduct 	<ul style="list-style-type: none"> • Engage selected suppliers regularly through meetings, emails, tele-conferences to discuss both commercial and operational matters. • Periodic review of suppliers' performance to ensure that suppliers comply with the established standards, procedures or key performance indicators. • Evaluate any breaches of Supplier Code of Conduct, and formulate, implement and monitor corrective actions. • Questionnaire for new suppliers.

EMPLOYEES

We constantly engage our staff through various platforms, including recreational and wellness/health activities, as well as at community service and social functions. The latest news and information on the Company's activities are communicated to our staff through platforms such as the Company's intranet (Electronic Board Bulletin), inhouse magazine, Business Meetings, Communication Packages and toolbox briefings to update staff on issues affecting them. During the year, we also launched a one-stop employee application to allow staff access to corporate news and their personal records on-the-go. With the application, staff can now access the Company's latest news and information on their mobile phones, as well as submit claims and leave applications.



CEO briefing staff at the Business Meeting

An Organisational Climate Survey is conducted every two years to gather staff feedback on employee engagement and workplace-related issues. The latest survey was conducted in early 2019 and the results were analysed to guide action plans and measures – from the overall staff engagement strategy at the Company level to specific action plans at the divisional level.

As our Transformation journey progresses, we regularly update and engage our staff on the ongoing initiatives via various channels. Besides an internal Transformation website, email and intranet updates and posters, staff engagement sessions are conducted with Senior Management to allow staff to share their concerns and provide suggestions. A quarterly pulse survey on Transformation is also conducted to solicit views from staff. To-date, three such surveys have been conducted.

CUSTOMERS

We understand our airline customers' objective of keeping their aircraft flying safely and work together with them to

provide solutions for airframe maintenance and overhaul services, fleet management services, cabin modifications, aircraft painting, components maintenance and overhaul, training of engineers and technicians, line maintenance and technical handling. Complementing our services in Singapore are our overseas maintenance network in different regions, and our expanded maintenance capabilities through our JVs with various OEMs. We continue to equip ourselves with the skills and knowledge to maintain the newest aircraft types that our customers operate.

We maintain regular contact with our customers through visits, meetings, telephone calls, e-mails, teleconferences and events such as international MRO shows and exhibitions. Customer satisfaction surveys are also carried out regularly. These surveys enable us to better understand our customers' changing expectations.

SHAREHOLDERS

We remain committed to the disclosure of material or price-sensitive information in a clear, detailed and timely manner. The Group's quarterly, mid-year and full-year results are published through SGXNet, press releases and on our corporate website (www.siaec.com.sg). Our Annual Reports are also posted on the website.

The Company holds analyst briefings to present its mid-year and full-year results. At other times, meetings with analysts and investors are held to facilitate their understanding of the Group's business. The contact details of the Investor Relations team are also available on our website to enable investors to reach out to us.

The Annual General Meetings and/or extraordinary general meetings are principal forums for dialogue with shareholders. Shareholders are encouraged to participate in these meetings to raise questions or seek clarification on the Group's performance, and vote on resolutions tabled at the meetings. The Chairman, Directors and Management are present at the meetings to address questions from shareholders.

For more details, please refer to pages 66 to 67 of the Annual Report on Shareholder Rights, Communication with Shareholders and Conduct of Shareholder Meetings.

JV PARTNERS

Through collaborations with leading industry players and the formation of JVs, we have established a strong network with major OEMs and strategic partners. Such relationships

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enable the JVs to leverage the joint strengths of our JV partners' technical capabilities, and SIAEC's extensive MRO experience and intimate understanding of airline customers' needs, to offer high quality and competitive maintenance solutions.

To optimise the benefits and returns from our investments in the JVs, we actively track the performance of the JVs through our Partnership Management Division. This division acts as the liaison between the JV partners, JV Management and SIAEC Management. Through Partnership Management Division, we are in continual engagement with the JV partners in the management of the JVs, reviewing the performance, and identifying business, commercial and marketing synergies to advance the growth of the JVs.

SUPPLIERS

SIAEC has an extensive pool of suppliers consisting of OEMs, authorised distributors/repairers, and engineering spares and service providers. Majority of our suppliers are based in Singapore, the USA and Europe. Major OEMs include Airbus and Boeing who supply aircraft parts and tooling to support our MRO business.

We believe in long-term collaborative relationships with our suppliers who provide us with goods or services. We also value them as our strategic partners and prefer suppliers who are socially responsible.

Our environment, social and ethical requirements are set out in the Supplier Code of Conduct. Compliance with this policy is an essential component of all our quotations, tenders and agreements. Any suppliers who are found to be in breach of the policy must take prompt corrective actions or risk our termination of the contract.

Supplier risk assessments are conducted during the selection phase to identify and mitigate sustainability risks and impacts. A self-assessment questionnaire institutes a continuous effort to engage socially and environmentally responsible suppliers.

Digitalisation plays an important role in supply chain sustainability. We continue to explore data analytics tools and online sourcing platforms to enhance the sourcing and supplier selection process.



ECONOMIC

Technology has disrupted and reshaped the MRO landscape. With longer maintenance intervals and lighter work content of new-generation aircraft, coupled with keen competition, the operating environment is expected to remain challenging in the near term.

Our core competencies and wide portfolio of JVs allow us to offer airline customers a comprehensive suite of MRO services. To strengthen our position as a leading MRO, the Company has embarked on a Transformation journey to enhance productivity, streamline processes and increase competitiveness. We will continue to invest and develop new capabilities for next-generation aircraft and engine types, in addition to pursuing innovation and technology initiatives. Strategic collaborations with OEMs and leading companies will remain a key thrust in growing our portfolio of partnerships across the various MRO business segments.

INVESTMENTS IN JVS

The Company has formed JVs with OEMs and airlines over the years to enhance our service offerings to customers. Together with our network of JVs, we offer our customers a comprehensive suite of services covering different geographical locations.

We are constantly reviewing our JV portfolio to ensure a sustainable return on our investments. In FY2018/19, we incorporated an additive manufacturing JV, Additive Flight Solutions Pte Ltd, formed with Stratasys Ltd. We also acquired the minority stake in Singapore Jamco Services Pte Ltd, making it a wholly-owned subsidiary and renamed the company Singapore Aero Support Services Pte Ltd. In the same financial year, we entered into a JV agreement with NokScoot Airlines to form a line maintenance JV based in Thailand, and divested our wholly-owned line maintenance subsidiary in Australia, Aircraft Maintenance Services Australia Pty Ltd and our minority stake in Jamco Singapore Pte Ltd. The foregoing activities are in line with our strategy to streamline and rationalise our business to focus on areas of high growth potential and competitive advantage.

TRANSFORMATION

The Transformation journey on which we have embarked has been gaining momentum with the progressive implementation of initiatives covering a wide range of measures including resource optimisation, management systems, planning enhancement, supply

chain improvement and digitalisation. At the same time, initiatives to strengthen organisation health are also being rolled out in phases. Progress has been achieved in the implementation of the high-impact initiatives in the major business units especially in heavy maintenance and line maintenance.

In the coming months, the Company will continue to drive the implementation of Transformation initiatives to bring about marked improvements in productivity, efficiency and value to our customers.

INNOVATION AND TECHNOLOGY

Innovation is a key driver of the value propositions that we continually develop and offer to our customers. In 2016, we announced that we are investing up to \$50 million over the next few years on innovation initiatives and technology adoption projects, with the support of the Economic Development Board.

Over the last two years, we have collaborated with technology partners, research institutions and OEMs to develop and introduce new technologies in key areas of additive manufacturing, automation & robotics, data analytics and digitalisation, which are expected to bring greater efficiencies and give us an edge over our competitors.

Please refer to pages 14 to 15 of the Annual Report for more details of our innovation and technological initiatives.

FINANCIAL RESILIENCE

We are prudent in our approach to managing our finances and financial risks, making calibrated adjustments to changes in economic conditions as required, to sustain shareholder and market confidence. In managing the Company's capital structure, our primary objective is to maintain an appropriate capital base, while retaining financial flexibility to pursue business opportunities and ensure adequate access to liquidity to mitigate the effect of unforeseen events.

For more details, please refer to pages 184 to 189 of the Annual Report on Financial Risk Management Objectives and Policies, and page 194 on Capital Management.



GOVERNANCE

CORPORATE GOVERNANCE

We believe that effective corporate governance and internal controls that are aligned with responsible and sustainable methods increase the Company's value.

Our Board and Management are committed to conducting our business ethically and responsibly. The focus of the governance framework is to promote accountability, transparency and sustainability. This is achieved through the composition of the Board and Board Committees, clear division of powers and duties between the Board and Management, adoption of checks and balances, internal controls, sound corporate ethics, and risk management practices across the Company and its subsidiaries.

The Board oversees the business and strategy of the Company and provides guidance to Management, conferring with them regularly. The Board is supported by various Board Committees.

The Audit Committee oversees the adequacy and effectiveness of the Group's system of internal controls and financial reporting. The Company's internal control structure consists of policies, procedures and processes established to provide reasonable assurance that transactions undertaken are aligned with the achievement of the Company's objectives. A Control Self-Assessment programme, established since FY2003/04, provides the framework for accountability among functional managers and staff, while internal audits provide independent and objective assessments of the processes and controls which may have a material financial impact on the Company.

The Compensation & HR Committee oversees succession planning of Key Executives, and all matters related to executive compensation and benefits. It supervises the structure and levels of remuneration to attract, retain and motivate key management personnel. An independent consultant is engaged to provide guidance on market practices and benchmarks.

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BOARD EVALUATION AND DIVERSITY

The Board, through the Nominating Committee, has a formal process for assessing the effectiveness of the Board Committees and the Board as a whole, as well as the contributions of the Chairman, Chairmen of all the Board Committees and individual Directors. For impartiality, the process is managed by an external firm of consultants which has no connection with the Company or any of its Directors.

Diversity is important to ensure that the profiles of Board members provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management of the Company's business. Our diversity initiatives are designed to attract the most talented individuals as Directors, regardless of their race, ethnicity, nationality, sexual orientation, religion, age, gender, disability status or any other dimension of diversity.

As part of the director nomination and selection process, the Nominating Committee considers diversity criteria, among other relevant criteria, when determining the optimum composition and balance of the Board. In support of the specific objective of gender diversity, the Nominating Committee ensures that appropriate efforts are made to include women in the list of candidates being considered for a Board position. On an annual basis, the Committee assesses the effectiveness of the director nomination and selection process in terms of whether it meets the Company's commitment to Board diversity.

RISK MANAGEMENT

Risk management is an integral part of our decision-making process. Through a holistic approach to identifying and managing risks, we instil effective risk ownership and management across all business units and support divisions.

The Board has overall responsibility for the governance of risk. Annually, the Board reviews the adequacy and effectiveness of the risk management and internal control systems, including financial, operational, compliance and information technology risks. The Board, supported by the Board Committees, oversees the key risks of the Group's business.

The Board Safety and Risk Committee assists the Board in overseeing the adequacy and effectiveness of the Group's risk management framework and policies, with the objective of maintaining a sound system of risk management to safeguard shareholders' interests and the Group's assets.

Management is responsible for the effective implementation of the risk management strategy, policies and processes to facilitate the achievement of the Group's business and strategic objectives. Key risks are proactively identified, addressed and reviewed in detail on an ongoing basis. The Company has in place a continuous and iterative risk management process.

The Risk Management framework is published on our website and further details can be found on pages 47 to 50 of the Annual Report.

ETHICS AND INTEGRITY

Ethics and integrity are critical to SIAEC's long-term success. Failure to adhere to laws and regulations may result in fines, penalties, or the revocation of our licences and/or other regulatory approvals which may disrupt our operations.

The Company is committed to act lawfully and in accordance with high standards of integrity and ethics in every aspect of its business. To this end, the Company has introduced a comprehensive set of policies, including without limitation, policies on Anti-Corruption/Bribery, Whistle-Blowing, Corporate Gifts, Employee Code of Conduct and Supplier Code of Conduct, as part of its commitment to maintain a robust system of risk management and internal controls.

Policies are reviewed regularly and any introduction of new policies and/or revisions of existing policies are broadcasted via the Company's intranet which is accessible to all employees. Policies applicable to the Company's service providers, suppliers and other external stakeholders are incorporated as provisions in our agreements with external parties, which can be found on our corporate website.

ANTI-CORRUPTION/BRIBERY

The Company has adopted a zero-tolerance policy towards bribery and corruption. Clear guidelines and procedures for the giving and receiving of corporate gifts and concessionary offers have been instituted. To ensure compliance, the Company has an online training programme on anti-corruption/bribery policies and requires employees that may be exposed to illegal and/or unethical influences to complete this online training regularly. Such recurrent training serves as a reminder to the employees to maintain the highest standards of integrity in their work and business dealings with the Company's stakeholders, and the completion rates are reported to the Management Committee on a quarterly basis.

In FY2018/19, all employees who were assessed to have exposure to illegal and/or unethical influences in the course of their working, ranging from junior administrative officers to Senior Management, based in our Singapore office or seconded to our affiliated companies had completed this online training. In total, 511 employees were trained. Since 1 April 2019, the training has been extended to include a wider group of staff.

In addition to regular training and education, the Company has an established whistle-blowing programme for the reporting and investigation of wrongdoings. The programme provides the means for internal and external stakeholders to submit confidential feedback or raise concerns about possible improprieties in any matter. All whistle-blowing reports are reviewed by a Whistle-Blowing Committee and reported to the Audit Committee. Our internal processes ensure independent investigation of any reported incidents and appropriate actions for follow up. Actions taken may include the termination of employment, and/or reporting to the appropriate external authorities.

During the year, there was one incident of fraud discovered. Following independent internal investigations, appropriate actions were taken and reports had been made to the relevant authorities.

EMPLOYEE CODE OF CONDUCT

To foster high standards of professionalism and conduct in our workforce, our Employee Code of Conduct provides

comprehensive policies on staff regulations and conduct, ranging from harassment, reporting of wrongdoing, to anti-corruption and competition laws. A disciplinary inquiry process is in place for the handling of misconduct and all employees are made aware of the channels to raise concerns that they may have or for reporting of misconduct.

SUPPLIER CODE OF CONDUCT

We have adopted the following best practices with our suppliers:

Compliance with Applicable Laws

Through our procurement agreements, suppliers are obliged to commit and warrant that all products and services supplied to us are in compliance with applicable laws and regulations.

Anti-Corruption/Bribery Practices

All purchase orders and agreements for goods and services to the Company incorporate anti-corruption/bribery provisions. These provisions mandate that: (i) the supplier shall be compliant with the laws of the countries in which they operate, (ii) the supplier warrants that it has not and shall not provide any favours, payments or other transfers of value, directly or indirectly, to any government official or private person in order to influence any decision or act, or to secure any improper advantage, and (iii) acts which are contrary to the Company's acceptable standards on ethics and integrity shall be disclosed to the Company immediately.

Suppliers who participate in our requests for quotations or tenders are expected to adopt our Supplier Code of Conduct. By accepting our purchase orders/agreements, suppliers confirm that they will adopt the Supplier Code of Conduct. Suppliers' subcontractors and service providers are also required to adhere to the principles set out under the Supplier Code of Conduct. In addition, any instances of wrongdoing in the conduct and behaviour by the supplier or the Company may be reported to, and investigated by, the Audit Committee in accordance with the Company's whistle-blowing programme.

The Company's corporate governance report is set out in pages 41 to 85 of the Annual Report.



SAFETY

Passed 259 audits by airworthiness authorities and customers

Received Gold Award at Changi Airport Group Annual Airport Safety Awards 2018

Safety is of utmost importance in our business and operations. Our safety journey is one without a finish line. We are committed to maintain a world class standard in aviation safety, and continuously improve our workplace safety and health standards within our organisation. We work towards ensuring a safe work environment while providing high quality aviation engineering services to our customers through four key thrusts:

- Board and Management Emphasis and Oversight
- Implementing a Well-Structured Safety Management System
- Training and Communication to Enhance Safety Awareness
- Partnering our Stakeholders on Safety Ownership

AVIATION SAFETY

There is no compromise on safety. Safety is of paramount importance to the continuing operations of our organisation. We uphold the highest standards of quality and safety in aircraft maintenance to ensure that our customers' aircraft are airworthy and safe for flight.

Operating in a highly regulated industry, we are subject to regular audits conducted by airworthiness authorities and customer airlines in adherence to mandated standards of safety and quality. In FY2018/19, the Company successfully passed 108 audits by the authorities and 151 audits by customers.

The Company holds certifications from 25 national airworthiness authorities worldwide, including Singapore.

WORKPLACE SAFETY

Any staff injury will adversely affect our productivity, costs and staff morale. As such, we strive towards zero safety incidents. We instil and promote safety consciousness among our staff to prevent accidents and injuries, and focus on safety as an essential part of all our operations.

THRUST 1: BOARD AND MANAGEMENT EMPHASIS AND OVERSIGHT

SIAEC's safety governance structure covers the following three levels of safety management and oversight:



THRUST 2: SAFETY MANAGEMENT SYSTEM

The Company's Safety Management System consists of an integrated framework which focuses on effective safety management at the workplace and promoting safety ownership within the workforce. The Management, in collaboration with the operational divisions and unions, leads continual efforts to strengthen safety compliance and improve safety performance.

In upholding our priority on aircraft safety, the Company has implemented an Aviation Safety Management System that meets the requirements set by the Civil Aviation Authority of Singapore, and in accordance with the International Civil Aviation Organisation's standards and recommendations.

The Executive Vice President Operations is the Accountable Manager for Aviation Safety at SIAEC. The Accountable Manager, supported by the Management, is responsible for ensuring an effective and functioning Aviation Safety Management System.

To ensure that our operations are aligned with internationally recognised standards of occupational health and safety, our safety processes are accredited with OHSAS 18001 certification.

THRUST 3: TRAINING AND COMMUNICATION

We believe that all staff must understand risks at the workplace and partake in identifying them. The heightened situational awareness enables the workforce to provide feedback on safety matters, making the work environment safe while maintaining operational performance. A confidential reporting channel is also available for staff to raise, in confidence, quality or safety concerns. Reports are followed up promptly to ensure that the issues are adequate resolved.

Staff are kept abreast of the latest safety requirements, inhouse rules and industry best practices, through regular and comprehensive training. Through our safety training

courses, each of them has been provided with our Safety Handbook as part of the Company's comprehensive safety awareness and knowledge development programme to engage and educate these stakeholders with the latest safety knowledge. All new employees and contractors will have to undergo safety awareness trainings conducted by qualified workplace safety and health officers before they can start work.

Performance Dialogue

In 2018, a performance dialogue framework was introduced. The framework consists of a cascade of metrics and targets across all levels, from top-level objectives down to the daily activities of the operational staff. Leaders' engagement is key to the success of our performance management system. Supervisory staff continually monitor these metrics and regularly engage with their teams to discuss the unit's performance such as cost, manpower and delivery, with emphasis on quality and safety. Performance dialogue cadence are constantly reviewed, and they form part of the rhythm of everyday operations. The daily engagements improve staff morale by providing clear visibility of progress in addressing operational issues and feedback raised.

Towing Simulator Training

To enhance the quality and safety of training, the towing simulator was developed with over 80 scenarios to improve aircraft pushback and towing operations. It provides an immersive training experience by allowing staff to practice emergency scenarios in a risk-free environment and improves proficiency in handling contingencies. Since its commissioning in April 2017, over 1,100 staff have undergone training in the towing simulator. In August 2018, the simulator was upgraded to include:

- Expansion of terrains to include engine run-up bays, Changi Airport Terminals 3 and 4
- Configurable aircraft and obstacle layout to simulate congested apron and hangar conditions
- Additional emergency scenarios

CHANGI AIRPORT GROUP ANNUAL AIRPORT SAFETY AWARDS 2018

The Changi Airport Group Annual Airport Safety Awards ceremony was held to recognise safety efforts of its staff and partners in the airport community. SIAEC was among the partners recognised in three of the awards during the event:

- SIAEC team was awarded with the Gold Award for enhancing safety and quality of towing training through the towing simulator. The towing simulator was developed with over 80 scenarios to improve aircraft pushback and towing operations. It provides an immersive training experience by allowing staff to practice emergency scenarios in a risk-free environment and improves proficiency in handling contingencies.
- SIAEC was recognised as one of the top contributors for airport safety hazard reporting.
- SIAEC team was awarded the Best Safety Exhibitor Award.



Our employee receiving the award at the Changi Airport Group Annual Safety Awards ceremony

Hazard Identification and Risk Assessment

Hazard Identification and Risk Assessment ("HIRA") is the continuous identification, assessment and communication of inherent risks and hazards for both aviation and workplace safety. It includes the measures to minimise the probability and/or impact of undesirable consequences. To ensure relevance, each HIRA document is reviewed periodically or when changes to the operational processes occur.

At SIAEC, we aim to anticipate and eliminate hazards in the workplace that may result in personal injury or illness and/or loss or damage to property and equipment. To strengthen staff awareness on HIRA, a computer-based workplace safety training module has been included as a recurrent training.

Quality and Safety Symposium

The Quality and Safety Symposium served as a forum to promote safety culture in SIAEC. The theme for 2018 Symposium was 'Resilience in Operations'.

The seminar saw regulators, consultants and OEMs sharing their knowledge and good safety practices with staff. The symposium was participated by the Management and supervisory staff from the operational divisions. In addition, safety awards were also given out to staff who demonstrated good safety initiatives.

'LOOK. THINK. DO.' CAMPAIGN

The 'Look. Think. Do' Campaign was a safety programme launched in 2018. The programme emphasised the importance of staff to be vigilant of the work surroundings and potential risks, and take steps to eliminate them before starting work. Posters focusing on different workplace safety hotspots were developed with the message '**Look** out for hazards. **Think** of how you can protect yourself. **Do** your work safely.'



THRUST 4: PARTNERING OUR STAKEHOLDERS ON SAFETY OWNERSHIP

SIAEC strives towards achieving safety excellence by working with the various stakeholders through training, communication, engagement and programmes.

Celebrating Small Wins – Zero Incidents

As an initiative to encourage the operational and support divisions to achieve zero incidents, the Small Wins programme was introduced. The divisions will receive rewards when they achieve consecutive months of zero incidents. Approximately 1,500 staff across the Company have participated in their respective divisional celebrations. These Small Wins celebrations serve as encouragement and motivate staff to strive towards achieving the next safety milestone.

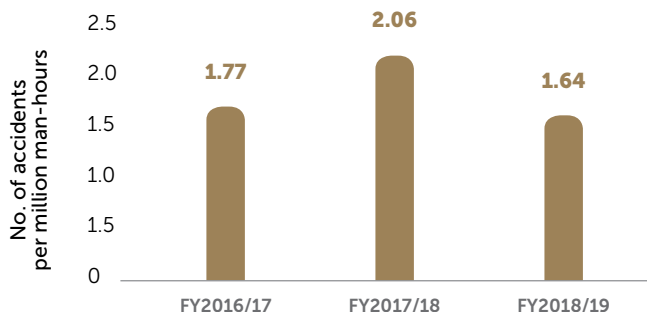


Celebration for achieving Small Wins

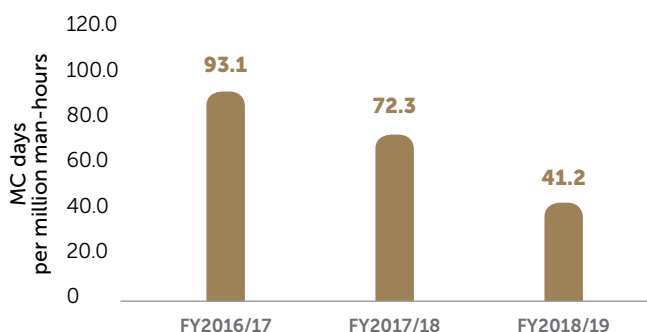
PERFORMANCE MEASUREMENT

Both quantitative and qualitative performance indicators are used to measure the effectiveness of our safety efforts, and the two key indicators, Reportable Accident Rate ("RAR") and Reportable Severity Rate ("RSR"), are reviewed quarterly. The RAR and RSR were lower in FY2018/19 than FY2017/18. There were no fatalities in the past three years.

REPORTABLE ACCIDENT RATE (per million man-hours)



REPORTABLE SEVERITY RATE (per million man-hours)



Our safety performance is further analysed based on employees and workers (excluding employees) categories. The former refers to our direct workforce while the latter refers to our contract workforce which includes contractors and workers from our labor suppliers.

In FY2018/19, the RAR (per million man-hours) for our direct workforce was 1.96, higher than the rate of 1.74 for the year before. However, the RSR (per million man-hours) at 45.7 was lower than the previous year's rate of 68.0. The injuries were mainly bruises, contusions, cuts and abrasions. Our contract workforce recorded a RAR (per million man-hours) of 0.56, an improvement compared to 1.41 in the previous year. The injuries for this category of workforce were mainly cuts and fractures. We will continue our efforts to improve our safety performance further.



EMPLOYEES

\$8.8M
invested in
staff training

Each
employee
underwent
an average
of 45 hours
of training

Received
SkillsFuture
Employer
Award for
Non-SMEs

Our staff are our biggest asset. Educating and motivating our talented workforce is key to our Company's growth and success. We firmly believe in actively engaging our staff to perform to the best of their abilities and potential at all times.

SIAEC employees are rewarded through fair and merit-based employment practices, based on their abilities, performance, contribution and experience. We implement practices which comply with all applicable labour laws and other regulations governing our Singapore workforce. Beyond what is required from us by law, we constantly work to develop career opportunities for our employees that simultaneously meet the Company's talent needs.

We strongly encourage an inclusive culture within our workforce, as it provides the best environment for every employee to achieve his or her full potential, both personally and professionally. The Company's employment practices are built on the tenets of staff welfare, diversity and positive partnerships with the unions. These collectively create a work environment where employees and their contributions are valued, as we work together as a team to deliver high quality MRO services to our customers.

TALENT ATTRACTION AND RETENTION

Investing in our people is pivotal to the Company's success as a global MRO player. We recognise the need to identify and attract the best talents, to build a sustainable pool of business and technical leaders - for now and the future.

To attract the best talents to join our organisation, scholarships and internships are offered to outstanding students who have a passion to pursue a career in the MRO industry through the Singapore-Industry Scholarship

("SglS") programme, which was established in 2012 by the Ministry of Education. SglS is a platform for strong government-industry partnership in talent development, through the offering of scholarships to Singapore citizens at various stages of their undergraduate studies, locally and overseas, who have demonstrated well-rounded excellence at school. 2018 marks the seventh consecutive year that SIAEC is participating in SglS.

Through our scholarship programme and the Continuing Education Scheme, financial sponsorship is provided to staff who are keen to pursue higher educational qualifications, including diplomas, bachelor and master's degrees. During the year in review, 18 executives, engineers, technicians and clerical staff were awarded sponsorships under these schemes. Currently, 45 staff are pursuing their education under these schemes.

In nurturing our leadership talents, we partner tertiary education institutions to develop programmes for our top executives and future leaders. These programmes equipped our senior executives with the necessary skills and knowledge required to navigate the competitive business environment and to ensure the Company's continued success. Our Senior Management participates in strategy or leadership programmes at top business schools overseas.

All new staff in executive grades undergo the Onboarding Programme, which provides them with a broad overview of the Company and the functions performed by each division. In addition, they are placed under the Mentorship Scheme, which gives them a unique opportunity to engage with and learn from the knowledge and experience of the Management. These engagement sessions with mentors, who share their experience of our corporate culture, as well as their personal experiences and work values, help our new executives assimilate into our diverse workforce.

TRAINING AND DEVELOPMENT

SIAEC is fully committed to developing our workforce and fostering a continuous learning culture. A highly skilled workforce is critical in ensuring that the Company is ready to take on challenges and opportunities in this ever-changing business landscape – especially given the highly specialised, fast changing environment that we operate in

and the need to always be on top of the latest regulations and requirements.

We continually upgrade the skills of our engineers, technicians and support teams, equipping them with the relevant skill sets and knowledge to meet operational needs and be kept abreast of the latest technological developments in the aviation industry. We are committed to providing equal opportunities and investing in our employees' training and development based on their strengths and needs to help them achieve their full potential.

Our employees enjoy a wide range of well-structured training and development programmes that help them build their technical competencies and soft skills. Our full range of learning programmes are mapped to the Company's core competencies and core values. They include structured learning roadmaps which provide our staff with targeted and relevant learning opportunities at the appropriate time in their careers, and functional training programmes that equip our staff with the requisite knowledge and skills to succeed in their current roles. Learning needs and course syllabi are reviewed on a regular basis to ensure that the courses offered are current and relevant. Our staff are also provided with training opportunities such as learning and developmental programmes, on-the-job training and coaching, overseas postings and job rotations. We continuously seek new tools and technologies to aid learning and drive a culture of self-directed learning within the Company. Our target is to maintain an average 34 training hours per employee.

Training Highlights	FY2018/19
Amount invested on staff training	\$8.8M
Total training days	28,720
- Technical training	20,978
- Development and soft skills training	7,742
Average training hours	45 hours
- Technical staff	46 hours
- Support staff	42 hours

In 2017, we became one of the early adopters of the SkillsFuture for Digital Workplace programme, which is a national initiative developed by SkillsFuture Singapore to equip our workforce with the foundational digital literacy skills in preparation for the future economy. Through this training programme, our employees learn about mind-

set change, cybersecurity, innovation, data analysis and e-learning. As at 31 March 2019, 3,060 employees have attended this training course.

SKILLSFUTURE EMPLOYER AWARD



On 31 July 2018, SIAEC had the honour of receiving the SkillsFuture Employer Award for Non-SMEs from the President of the Republic of Singapore, who is also the Patron of the SkillsFuture Employer Award, at the inaugural SkillsFuture Fellowships & SkillsFuture Employer Awards ceremony. The SkillsFuture Employer Award is Singapore's highest skills award that honours exemplary employers who have made significant investments for the development of employees' skills, and building an organisational culture that emphasises lifelong learning.



Award recipients of the SkillsFuture Fellowships & SkillsFuture Employer Awards 2018 with the President of the Republic of Singapore; and Patron of the SkillsFuture Employer Award, Madam Halimah Yacob; Minister for Education, Mr Ong Ye Kung; and Senior Minister of State for Education, Mr Chee Hong Tat

Training Academy

SIAEC's Training Academy provides a robust curriculum of aerospace-related training programmes to meet the training needs of our employees, and those of our JVs and strategic customers/partners. Our Training Academy is committed to be a valuable business partner to organisations within the aerospace industry, as well as facilitating the professional growth and development of industry personnel. It is an approved Maintenance Training Organisation by civil aviation authorities and recognised by the Singapore Workforce Development Agency.

To support the growing demand for qualified and skilled technical personnel in the aerospace industry, the Training Academy aims to be a centre of excellence for aerospace

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training and solutions. Supported by SIAEC's rich heritage and experience as a leader in MRO, our portfolio of training programmes was developed by a team of qualified and experienced instructors and delivered via various methodologies including classroom training, practical training and e-learning.

We continue to upskill our licensed aircraft engineers and technicians through regularly-scheduled aircraft type courses, to service the new generation aircraft types which our customers operate. The Academy utilises the latest training devices and courseware from Airbus and Boeing to develop new competencies among our staff, thereby maximising their potential and helping them realise exciting career opportunities.



Staff attending classroom training

To sustain the proficiency of critical skill sets in our workforce, the Academy implements a recurrent training curriculum to ensure that all our staff remain up to date in knowledge and skills. In FY2018/19, 516 of our engineers and technicians successfully completed aircraft type training for a variety of aircraft and engines, including new-generation aircraft such as Boeing 787 and Airbus A350.

Under the Technician Development Scheme, our operationally-experienced technicians are given the opportunity to undergo training to become certifying technicians. This provides a career progression path for our technicians while simultaneously increases the productivity of our technician workforce.

Beyond enhancing the competency of its staff, the Company seeks to impart knowledge in aircraft maintenance at foundational level to to give new

generation of skilled aviation workers a head start in acquiring aircraft maintenance licences. We partnered Singapore Institute of Technology ("SIT") in the development and launch of their new three-year degree programme, the Bachelor of Engineering with Honours in Aircraft Systems Engineering. With the launch of this programme, aspiring trainees will be able to fast-track the 44-month apprenticeship programme and acquire their licences within 28 months. The curriculum is jointly delivered by SIT lecturers and Training Academy's instructors. The first batch of 48 undergraduates had commenced their course in 2018.

Tapping our experience as a training organisation, SIAEC and Temasek Polytechnic have been appointed as the Programme Manager for the Aerospace Professional Conversion Programme by Workforce Singapore. This is a placement programme targeted at Professionals, Managers, Executives and Technicians ("PMETs") which aims to facilitate transition into new occupations by re-skilling PMETs for new job roles in fleet planning, quality assurance, technical servicing, workshop engineering and cabin retrofitting works.

DIVERSE WORKFORCE

We strive to be a good employer by promoting an environment in which all employees are treated fairly and with respect, and can realise their full potential. We value the loyalty and dedication of our long-serving staff, as they contribute positively to the wealth of experience of our multi-generation workforce. In recognition of their dedication and contribution to the Company, long service award ceremonies are held regularly. Since January 2017, we have been re-employing employees beyond the age of 65, ahead of the legislation that came into effect on 1 July 2017.



Long Service Awards Ceremony 2018

TOTAL STAFF STRENGTH

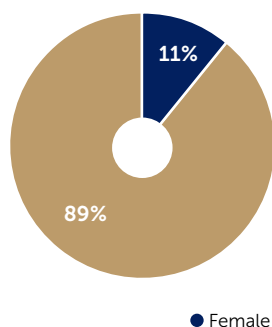
(as at 31 March 2019)

4,540

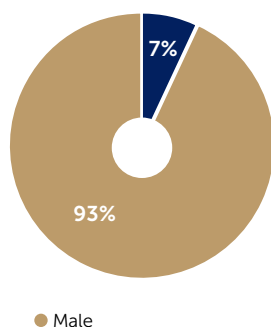
Breakdown of Employees by Gender



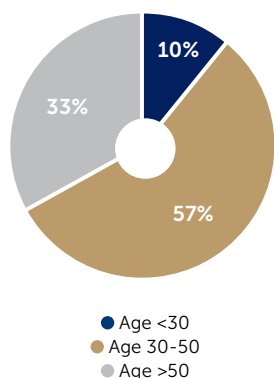
Permanent Employees by Gender



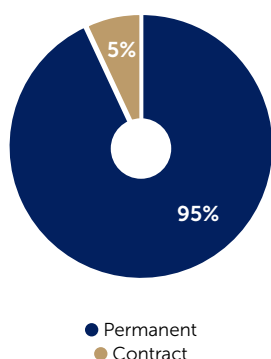
Contract Employees by Gender



Breakdown by Age Group



Breakdown by Employment Type



EMPLOYEE TURNOVER*

Employee Turnover by Gender		
Gender	Total	Turnover %
Female	40	8.1
Male	96	2.4
Total	136	3.0

*Note: Refers to resignation only.

Employee Turnover by Age Group

Age Group	Total	Turnover %
Below 30	45	10.4
30 to 50	83	3.2
Above 50	8	0.5
Total	136	3.0

NEW HIRES

Breakdown of New Hires by Gender

Gender	Total	%
Female	46	26
Male	128	74
Total	174	100

Breakdown of New Hires by Age Group

Age Group	Total	%
Below 30	125	72
30 to 50	47	27
Above 50	2	1
Total	174	100

We believe in gender diversity and actively promote higher female representation within our workforce. Against the backdrop of the MRO Industry and the larger engineering disciplines which are typically male-dominated, it continues to be challenging to attract a higher intake of female engineers and technicians.

PERFORMANCE REVIEW

We believe that recognising and valuing the good work of our staff motivates them and contributes to our success. Performance reviews and dialogues are conducted regularly so that employees and their supervisors can have a two-way feedback forum and jointly set expectations for continued job performance. In April 2018, a new performance management system was implemented. This new system focuses on goal alignment and ongoing feedback, and empowers employees to take charge of their own development.

Beyond performance reviews, the Company has initiatives such as the Operational Excellence Framework and the Star Employee Awards to recognise and reward good performance.

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INDUSTRIAL RELATIONS

Good industrial relations is key to the continued success of the Company. The Company maintains cordial relations by working closely with our union partners to ensure that fair and sustainable wage and employment terms are provided to our staff. We value our strong ties with our union partners, and are committed to working together with the unions to resolve issues, seize business opportunities and meet new challenges through a collaborative approach.

OUR UNION PARTNERS

Air Transport Executive Staff Union ("AESU")

- Represents staff in the executive grades in the Company
- About 73% of the Company's executives are members of AESU

SIA Engineering Company Engineers and Executives Union ("SEEU")

- Represents the licensed aircraft engineers in the Company
- About 96% of our engineers are members of SEEU

Singapore Airlines Staff Union ("SIASU")

- Represents technicians and staff in the general grades in the Company
- About 95% of our technicians and clerical staff are members of SIASU

Collective Agreements are in place for each of these unions and in total, about 92% of the Company's executive employees, engineers, technicians and general staff are covered by these Collective Agreements. Labour grievance mechanisms and notice periods to commence negotiations are detailed in all our Collective Agreements. All labour practices relating to child labour, forced or compulsory labour, human rights grievance mechanisms, diversity and equal opportunity are carried out in accordance with the Employment Act and other laws governing Singapore.

We actively involve our unions in matters relating to our employees through regular union engagement activities and discussions. Monthly meetings are held to update our union partners on developments in the industry, discuss labour-management issues and share updates on the Company's initiatives. Senior Management and union leaders meet regularly to share the Company's business outlook and discuss workforce-related matters.

STAFF WELFARE

Staff Well-Being and Health Initiatives

A healthy workforce is crucial in supporting the Company's growth and performance. We regularly organise health talks and exercise activities, and provide tips on healthy living in our inhouse magazine, to encourage staff to pursue a healthy lifestyle.

We encourage our staff to take an active ownership of their own well-being. The Company provides staff with comprehensive medical coverage. We conduct regular reviews and surveillance inspections of the work environment as part of our ongoing efforts to improve workplace safety and health. The occupational health of our staff are also monitored closely through the relevant medical examinations such as audiometry examinations, to ensure their well-being.

Pro-Family Staff Benefits

The Company strongly supports Singapore government's pro-family initiatives. We understand the need for working parents to be able to spend quality time with their children while they pursue their careers. As such, we provide benefits which are aligned with Singapore's pro-family legislation and initiatives such as childcare leave, extended childcare leave, maternity leave, paternity leave and shared parental leave. In 2019, we introduced a flexible work arrangement scheme for non-shift employees where they can opt to start work earlier or later.

Sports & Recreation Committee

The Sports & Recreation Committee was founded to promote, organise and co-ordinate sports, social and other recreational activities for employees of the Company. Sports & social events and activities which cater to staffs' interests are organised frequently. The activities include interdivisional sports competitions, special workshops such as floral display, and excursions such as kayaking and overseas hiking trips.



Some of the activities organised by the Sports & Recreation Committee



We believe that SIAEC needs to play its part to protect the environment even though our operations, unlike heavy industries, do not produce significant carbon emissions or consume high amount of electricity and water.

ENVIRONMENTAL POLICY

We believe in operating responsibly by understanding and managing the environmental impact of our business. We have a responsibility to protect the environment and are committed to maintaining high standards of environmental management in our operations, and complying with environmental rules and regulations governing our business.

Our environmental policy is communicated across our business units and support divisions to propagate environmental awareness to all persons working for and on behalf of the Company.

ENVIRONMENTAL MANAGEMENT SYSTEM

The Company's Environmental Management System focuses on minimising the impact that our operational activities may have on the environment. Our Environmental Management System has been certified to ISO 14001 standards since 1998.

Environmental impacts are assessed as early as the planning stage where the design, handling, storage and disposal of materials are considered. Thereafter, the product operation and service performance are regularly reviewed for improvements in the environmental performance.

The Company maintains a stringent auditing system for all environmental matters, comprising internal environmental audits and inspections performed by the divisional Safety, Health and Environment Committees. To ensure continuous and effective operation of the Environmental Management System, a two-fold check system involving both internal and external audits is implemented. This ensures strict compliance with the applicable legislation and regulations.

ENERGY

The Company's main utility usage is the electricity used to carry out daily MRO activities in the hangars, workshops

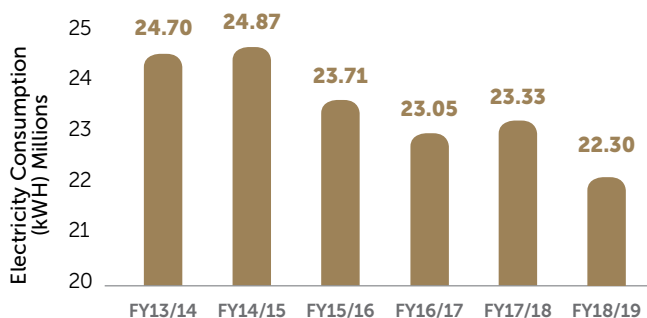
and offices. Any disruption to electricity supply will jeopardise our operations. As the amount of electricity consumed impacts the environment, proper energy management control and measures can reduce energy wastage.

The Company is committed to monitoring and reducing the electricity consumption throughout the organisation in order to enhance long-term business competitiveness and to reduce carbon footprint.

An Energy Management Committee, comprising the Facilities Department and our building contractor, actively drives energy management programmes to control energy consumption and to avoid wastages. Areas with high electricity consumption are identified, and solutions formulated to reduce usage. The energy data are reviewed regularly and any significant deviations will be identified, investigated and remedied. On a quarterly basis, the Management is updated on the consumption trends.

All proposed projects are discussed with the Management, and approvals are sought before commencement. Once the projects are implemented, the data are collected and checked against the design data, and the results are reported to the Management.

SIAEC TOTAL ELECTRICITY CONSUMPTION FOR HANGAR 1 TO 6 (kWH)



Our goal is to achieve 15% reduction in energy consumption by FY2023/24 compared to base year FY2013/14. We will continue to monitor energy consumption, address significant deviations and implement energy-saving measures. Where possible, we will tap the application of innovative technologies as part of our efforts to reduce energy consumption.

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Hangar bay lights (LED)

Since FY2013/14, we have replaced air-conditioning chillers in two of the hangars with energy-efficient systems. We plan to install variable speed drives for the air-conditioning chillers for the other hangars, which will further improve the energy efficiency of the systems. Plans are underway to progressively replace office lightings, hangar bay lights and building neon signs with Light-Emitting Diode ("LED") lights.

Another project being explored is the installation of solar panels on the roofs of buildings and hangars, which will be able to supply clean energy for our operations and reduce our energy consumption from non-renewable sources.

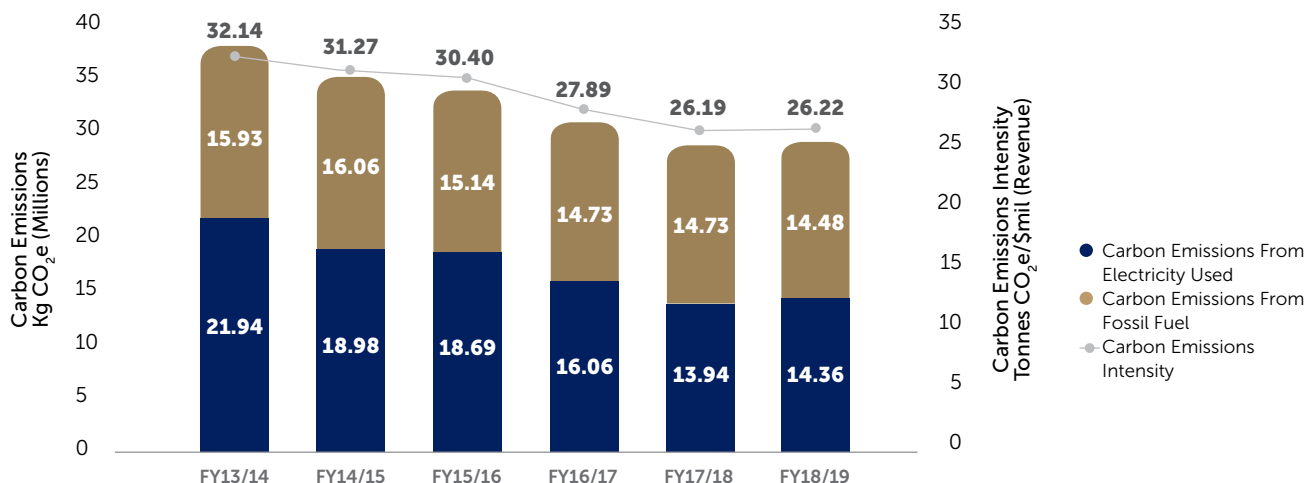
EMISSIONS

In line with the global movement to combat climate change, Singapore is implementing carbon tax from 2019. Playing our part to support the environmental efforts, we endeavour to manage Greenhouse Gas ("GHG") emissions produced from our MRO operations. We focused on sourcing and using environmentally preferred chemicals and processes to minimise emissions. On top of that, emission levels are closely monitored to ensure that they are within thresholds set by the authorities.

Transport vehicles undergo regular maintenance and inspections to minimise air pollution from vehicular emissions. All vehicles operated by the Company comply with the regulations and requirements, including smoke emissions and fuel usage restriction, of the Land Transport Authority and National Environment Agency. We aim to reduce our carbon emissions through pursuing initiatives to reduce our electricity consumption and using vehicles that meet low GHG emissions standards.

DIRECT EMISSIONS & INDIRECT EMISSIONS (KG-CO₂E)

TOTAL CARBON FOOTPRINT (kg-CO₂e)



TRADE EFFLUENTS MANAGEMENT

As part of the Environmental Management System Policy in preventing pollution under ISO14001, SIAEC is focused on effluents management, particularly in preventing water pollution from the wastewater generated from our operations. Our hangar facilities are equipped with wastewater treatment plants using chemical treatment process. The wastewater undergoes a chemical treatment process to make them safe for discharge into the public sewers.

Regular audits and inspections are carried out to ensure that the wastewater discharge and operation of wastewater treatment plants comply with relevant regulatory and ISO14001 requirements. The water from our wastewater treatment plants is rigorously monitored to ensure strict compliance with the standards prescribed by the Public Utilities Board under the Sewerage & Drainage (Trade Effluent) regulations.

WASTE MANAGEMENT

The Company pays close attention to waste management. We aim to reduce waste from our offices and operational activities. Promotion and facilitation of waste reduction are conducted through new and ongoing efforts to reduce, reuse and where possible, recycle. We actively encourage initiatives from all operational and support divisions to explore ways to reduce waste generation across the Company and educate staff in recycling.

A recycling scheme is in place to recycle paper, cardboard, scrap metal and electronic waste from our offices and operations. We engage licensed recycling service providers to collect our recyclable materials to ensure they are recycled safely at proper recycling facilities. In preparation for a mandatory electrical and electronic waste management system announced by the Ministry of Environment and Water Resources, the Company will actively educate and raise staff awareness in the recycling of e-waste.

A waste sorting and disposal process, as well as a contamination prevention process managed by a licensed toxic industrial waste collector, is applied to operational activities and involves the storage, transportation and disposal of aircraft parts and toxic industrial waste to minimise environmental impacts.

WATER CONSERVATION

Although our water consumption is not significant compared to the manufacturing industry, we promote discipline in water usage and our facilities maintenance

team tracks the water consumption data regularly. Any unusual increase in water usage will be investigated and remedied. We will continue to monitor water consumption closely and implement water-saving measures.



SUPPORTING OUR COMMUNITIES

Annual charity run raised \$53,755 for our charity beneficiaries

Received Charity Bronze Award from Community Chest for the third consecutive year

In the spirit of our corporate social responsibility ("CSR") motto of 'Enabling People, Improving Lives', we strive to make a difference to the lives of the underprivileged in the communities where our business operates. We provide food and housing aid to communities in Singapore and Southeast Asia through our partnerships with organisations such as Food from the Heart, Community Chest and Habitat for Humanity.

The CSR programmes and activities conducted in FY2018/19 include the following:

Fun Run at the Zoo 2018

SIAEC's annual charity run 'Fun Run @ Zoo 2018' was held on 10 November 2018 at the Singapore Zoo. Attended by SIAEC staff and their families, our charity beneficiaries, JV partners and the SIA Group of companies, the event drew a participation of over 2,500 registrants. The charity run raised a total of \$53,755 which was donated to Food from the Heart.



CEO flagging off the run at 'Fun Run @ Zoo 2018'

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Food Goodie Bags Programme

Every month, the Company supplies food provisions to 100 underprivileged families from two adopted schools – Yu Neng Primary School and Changkat Primary School. The goodie bags consist of household items like rice, oil and baked beans to help needy families with their meals.

Self-Collection Centre Programme

In collaboration with Food from the Heart, 150 staff volunteers participate in the monthly packing and distribution of food packets to 550 beneficiaries in 188 households in Macpherson and Marine Terrace.

Housing Construction in Indonesia

In partnership with Habitat for Humanity, the Company sent a team of staff volunteers for overseas building project in Yogyakarta, Indonesia in November 2018. This outreach project enabled volunteers to improve the living conditions of the less fortunate by building houses for them.



House-building in Yogyakarta, Indonesia

Toy Buffet

On 10 November 2018, we participated in the Toy Buffet organised by Food from the Heart for the seventh year running at Nanyang Polytechnic. The annual event's mission is to reach out and bring joy to children from lower-income families through the gifting of toys. Pre-loved and new toys collected from our staff and other organisations were distributed to 2,900 underprivileged families.

Visit to S.E.A. Aquarium

On 22 September 2018, a group of SIAEC staff brought 30 students from Yu Neng Primary School to the S.E.A. Aquarium at Resorts World Sentosa. The students from Primary 3 and 4 are the beneficiaries of our charity partner, Food from the Heart.

COMMUNITY CHEST AWARDS 2018

Community Chest Singapore is in its 35th year and supports about 80 social service organisations. SIAEC is proud to be a recipient of the Community Chest's Charity Bronze Award for the third consecutive year. The Charity Awards are given to organisations and/or individuals who have made significant donations.



SVPHR receiving the award from the Minister of State in the Ministry of Foreign Affairs and Ministry of Social and Family Development, Mr Sam Tan, at the Community Chest Awards 2018

GRI Standards	Disclosure	Page Reference and Remarks
GENERAL DISCLOSURES		
Organisational Profile		
102-1	Name of the organisation	About SIA Engineering Company
102-2	Activities, brands, products and services	About SIA Engineering Company
102-3	Location of headquarters	About SIA Engineering Company
102-4	Location of operations	About SIA Engineering Company
102-5	Ownership and legal form	About SIA Engineering Company
102-6	Markets served	About SIA Engineering Company
102-7	Scale of the organisation	About SIA Engineering Company Reporting Scope and Boundary Diverse Workforce
102-8	Information on employees and other workers	Diverse Workforce
102-9	Supply chain	Suppliers
102-10	Significant changes to the organisation and its supply chain	Suppliers Investments in JVs
102-11	Precautionary Principle or approach	Risk Management
102-12	External initiatives	Safety Management System Environmental Management System
102-13	Membership of associations	Membership of Associations
Strategy		
102-14	Statement from senior decision-maker	CEO's Message
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	Mission Statement, Core Values, Corporate Governance
Governance		
102-18	Governance structure	Sustainability Organisational Structure
Stakeholder Engagement		
102-40	List of stakeholder groups	Engaging our Stakeholders
102-41	Collective bargaining agreements	Industrial Relations
102-42	Identifying and selecting stakeholders	Materiality Assessment
102-43	Approach to stakeholder engagement	Engaging our Stakeholders
102-44	Key topics and concerns raised	Engaging our Stakeholders
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Reporting Scope and Boundary
102-46	Defining report content and topic Boundaries	Reporting Scope and Boundary Materiality Assessment
102-47	List of material topics	Materiality Assessment
102-48	Restatement of information	No restatements were made for FY2018/19
102-50	Reporting period	About this Report
102-51	Date of most recent report	The previous report was published together with the Annual Report FY2017/18
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Feedback

SUSTAINABILITY REPORT

GRI Standards	Disclosure	Page Reference and Remarks
GENERAL DISCLOSURES		
Reporting Practice		
102-54	Claims of reporting in accordance with the GRI Standards	This material references the following Disclosures from GRI Standards 2016: <ul style="list-style-type: none"> • 205-3 from GRI 205: Anti-corruption • 302-1 from GRI 302: Energy • 305-4 from GRI 305: Emissions • 401-1 from GRI 401: Employment • 402-1 from GRI 402: Labour/Management Relations • 403-2 from GRI 403: Occupational Health and Safety • 404-1 from GRI 404: Training and Education • 103-1, 103-2 and 103-3 from GRI 103: Management Approach 2016
102-55	GRI content index	GRI Content Index
102-56	External assurance	About this Report
MATERIAL TOPICS		
Anti-Corruption/Bribery		
103-1 to -3	Management approach 2016	Ethics and Integrity Anti-Corruption/Bribery Employee and Supplier Code of Conduct
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption/Bribery
Energy		
103-1 to -3	Management approach 2016	Environmental Management System Energy
302-1	Energy consumption within the organisation	Energy
Emissions		
103-1 to -3	Management approach 2016	Environmental Management System Emissions
305-4	GHG emissions intensity	Emissions
Employment		
103-1 to -3	Management approach 2016	Employees
401-1	New employee hires and employee turnover	Diverse Workforce
Labour/Management Relations		
103-1 to -3	Management approach 2016	Industrial Relations
402-1	Minimum notice periods regarding operational change	Industrial Relations
Workplace Safety		
103-1 to -3	Management approach 2016	Workplace Safety Board and Management Emphasis and Oversight Safety Management System Training and Communication Partnering our Stakeholders on Safety Ownership
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	Performance Measurement
Training and Development		
103-1 to -3	Management approach 2016	Training and Development
404-1	Average hours of training per year per employee	Training and Development