

SUSTAINABILITY IN ACTION

ENGINEERING CHANGE

Sustainability
Report
2019/20



ABOUT SIA ENGINEERING COMPANY

The SIA Engineering Company (SIAEC) Group is a leading aviation maintenance, repair and overhaul (MRO) service provider based in Singapore and with presence in eight countries. The Group comprises 26 subsidiaries, joint ventures and associated companies (JVs) and employs more than 11,000 people.

The Group provides a comprehensive suite of MRO services to airline customers and aerospace equipment manufacturers worldwide, ranging from airframe and line maintenance, fleet management, repair and overhaul of engines and components, engineering and material management support, to additive manufacturing.

SIA Engineering Company Limited is listed on the Mainboard of the Singapore Exchange and is a subsidiary of the Singapore Airlines Limited. The Company is a member of the Singapore Business Federation, Singapore International Chamber of Commerce, Singapore National Employers Federation, Singapore Institute of Aerospace Engineers and Association of Aerospace Industries (Singapore).



08
COUNTRIES



26
JOINT
VENTURES



Our Mission

Our Mission is underpinned by our Core Values, which define SIAEC's corporate culture.

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.



ABOUT THIS REPORT

This is the third Sustainability Report from SIAEC. The report highlights our sustainability initiatives and performance for the financial year 1 April 2019 to 31 March 2020 (FY2019/20).

The report has been prepared with reference to the guidelines of Global Reporting Initiative (GRI) Standards: Core option and the Sustainability Reporting Guide from the Singapore Exchange. We have not sought external assurance for this report but will consider doing so for future reports.

Reporting Scope and Boundary

All information, including data, statistics and targets, are with regard to SIAEC's operations in Singapore, unless stated otherwise. We aim to progressively expand our reporting to include the subsidiaries.

SIAEC's JVs are listed on page 18. Financial information relating to the SIAEC Group's business can be found in the FY2019/20 Annual Report.

Feedback

We value your feedback, which will help us to improve our report and sustainability practices. You can reach out to SIAEC's Sustainability Working Group at siaec@singaporeair.com.sg.





CEO'S MESSAGE

The past year was marked with global uncertainties from rising geopolitical tensions and extreme weather events caused by climate change. As we step into the next financial year, our world is also faced with the pressing challenge of the COVID-19 pandemic, particularly the impact on the aviation industry. Notwithstanding these challenges, corporations have a responsibility to push for sustainability and implement the positive change that the world needs.

The well-being of our staff is of utmost importance to SIAEC. To protect our staff from the COVID-19 pandemic, the Company has taken prompt measures that are aligned with the Ministry of Health's advisories to minimise the risk of infection.

Safety remains our foremost priority and is an issue close to our hearts. Despite our efforts towards safety, we are deeply saddened by a workplace fatality in FY2019/20. We are firm in our resolve to ensure that our staff return home to their families safely and will continually drive the message that safety cannot be compromised. As part of our commitment to safety, we have established a Safety Promotion Centre—the first of its kind in the MRO community—to reinforce training and heighten staff awareness on safety. We have also embarked on the Maintenance Line Operations Safety Assessment programme, where experienced staff volunteer to proactively identify

areas of improvement in operations, which are then followed up with enhancement initiatives.

Leveraging technology to hone the skills of our employees, we introduced the use of virtual reality simulations in the training for airside driving, operating mobile-elevated work platforms and performing other aircraft maintenance activities. In recognition of our innovative use of technology, we are honoured to have once again received several accolades from the Changi Airport Group at its Airport Safety Awards in 2019.

We also recognise the need to translate commitments into concrete actions in order to limit the rise in global temperatures. Following last year's reporting of our carbon emissions, we took reference from Singapore's Paris Agreement targets and set a long-term target to achieve more than 24.48% reduction in our FY2013/14 carbon emissions intensity level by 2030. To achieve this goal, we have embarked on a project to install solar panels on the roofs of our buildings and hangars to reduce our reliance on energy generated from non-renewable sources. We have further identified six United Nations Sustainable Development Goals that our actions are in support of.

Against the backdrop of technological disruptions and the COVID-19 pandemic, we continue to upskill and reskill our workforce to better prepare them for the digital economy and eventual recovery from the COVID-19 situation. Adopting a collaborative approach in our training development, we have set up a Company Training Committee comprising our Management and the unions to jointly define the training needs of our people.

SAFETY REMAINS OUR FOREMOST PRIORITY AND IS AN ISSUE CLOSE TO OUR HEARTS.

Our training DNA goes beyond our employees. Since our partnership with the Singapore Institute of Technology in its undergraduate programme last year, we have extended our collaboration with several other educational institutions to develop programmes that will build the talent pool for the aviation MRO industry.

Our Transformation programme has laid the foundation for us to continually look at how we can do things differently and remain nimble in the ever-changing business landscape, especially during these unprecedented times brought about by COVID-19. We will continue to monitor and assess the situation closely, and proactively implement prompt measures to mitigate the impact.

Ng Chin Hwee
Chief Executive Officer





AT SIAEC,

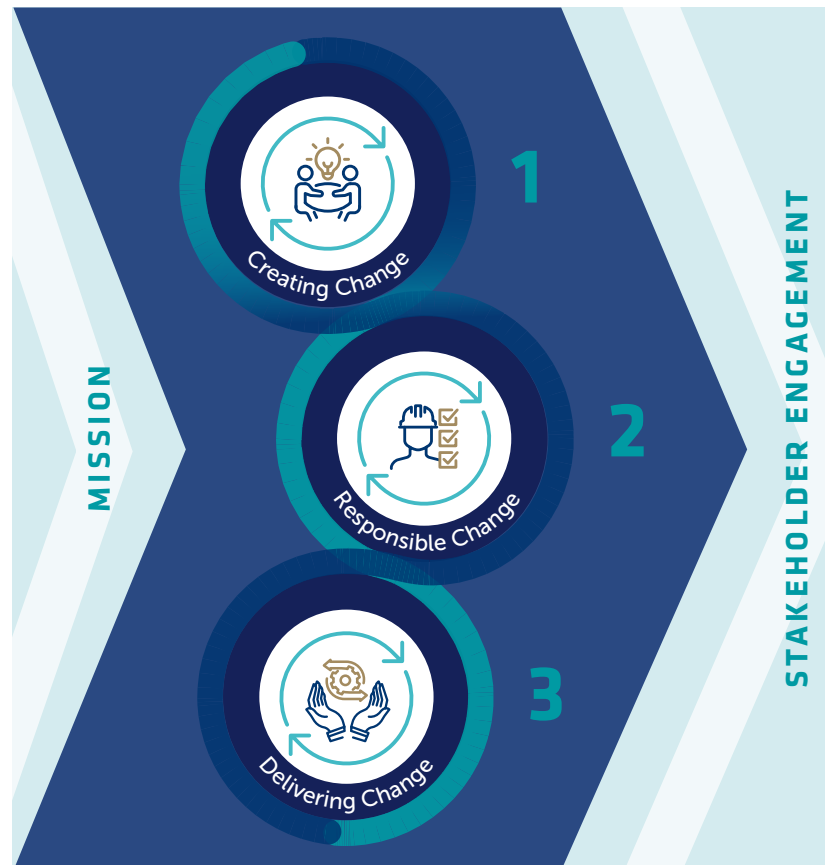
WE ARE

ENGINEERING
CHANGE

TO CONTRIBUTE
TO A

SUSTAINABLE
FUTURE

SUSTAINABILITY FRAMEWORK



In our pursuit to be the MRO service provider of choice, we endeavour to foster a sustainability-oriented mindset throughout the organisation and embed sustainability practices in our operations.

Our stakeholders are placed at the heart of our sustainability efforts. All three sustainability pillars answer to the key concerns of our stakeholders.

We aim to **create** growth through collaboration with our stakeholders and advancing innovation, adoption of technology and transformation. We do so **responsibly**, ensuring environmental sustainability and utmost safety. We strive to **deliver** the benefits to our local communities.

Anchoring the entire sustainability approach is a dedicated sustainability governance structure that we have put in place.



Sustainability Governance Structure

The Sustainability Working Group was formed to lead sustainability efforts across the Group through fostering a culture of sustainability and advancing sustainability initiatives. The working group is chaired by the Chief Financial Officer and comprises members from the operational and key support divisions within the Company.

The working group reports to the Management Committee, which is chaired by the Chief Executive Officer. The Management Committee reviews the organisation's sustainability performance and status of initiatives periodically.

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.

**BOARD OF
DIRECTORS**



**MANAGEMENT
COMMITTEE**



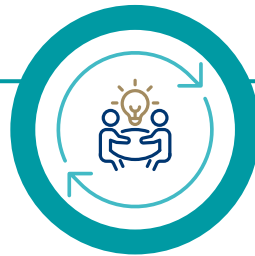
**SUSTAINABILITY
WORKING GROUP**



Sustainability Pillars

Goals

PILLAR 1

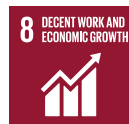


CREATING CHANGE

Spurring Innovation and Growth

Advancing innovation, adoption of technology and transformation

Creating sustainable long-term economic growth through collaboration with our stakeholders



PILLAR 2



RESPONSIBLE CHANGE

Ensuring Safety, Sustainability and Accountability

Providing a safe work environment while delivering aviation engineering services of the highest safety standards

Managing natural resources responsibly and minimising negative impact to the environment



PILLAR 3

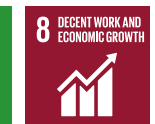


DELIVERING CHANGE

Committing to Our Communities

Helping our employees maximise their potential through learning and development programme

Connecting with the local communities and giving back through CSR activities



Sustainable Development Goals



Materiality Assessment

We conduct our materiality assessment by first identifying the key stakeholders who are critical to the business or are affected by SIAEC's operations. The Sustainability Working Group then reflects and prioritises the aspects important to the stakeholders, structuring the review under the categories of Economic, Environment, Social and Governance.

The material topics that are assessed to be relevant to SIAEC have been reviewed and endorsed by the Management Committee and the Board.

The United Nations has set out a vision for people and the planet and developed 17 Sustainable Development Goals (SDGs) to be achieved by 2030. Recognising that businesses are integral to the achievement of these goals, we have reviewed the aspects important to the Company and our stakeholders against the SDGs and identified six SDGs that our sustainability practices are in support of.

Materiality Matrix 2019-20





Stakeholder Engagement

Our Stakeholders

We engage* our stakeholders on 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 and responses are formulated to address their queries and concerns.

Employees

We value our staff and care for their well-being and development.

Customers

We are committed to providing our customers with high quality aviation engineering services.

Shareholders

We maximise returns for long-term profitability with the aim of creating sustainable shareholder value.

JV Partners

We work with our JV partners to build long-term growth at our JVs.

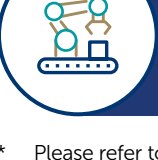
Suppliers

We treat our suppliers with respect and fairness, and engage them to comply with our Supplier Code of Conduct to achieve the same high standards of business ethics and adherence to applicable laws and regulations.

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



Stakeholders' Key Concerns

Stakeholder	Key Topics and Concerns	Summary of our Response*
 Employees	Company/Group performance and sustainability of business Transformation initiatives Staff policies, welfare and activities Workplace, safety and work environment-related issues	- Employee self-service application - Regular communication channels - Transformation and performance dialogues - Surveys - Events - Engagement with unions
 Customers	On time completion of the maintenance checks and within budget Quality and safety standards of aircraft maintenance Sustainable and responsible service provider	- Regular contact and update with our customers - Improving service quality and branding
 Shareholders	Challenges facing the Group Financial performance of the Group Transformation Sustainability policies and practices	- Annual general meeting and analyst briefings - Timely disclosure of information as required by the rules of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual")
 JV Partners	JVs' performance and issues Growth and strategic development of the JVs	- Engagement with JV partners - Regular meetings to track performance - Oversight and support
 Suppliers	Engaging cost-effective and socially responsible suppliers Suppliers' performance and sustainability practices Adherence to Supplier Code of Conduct	- Engagement with suppliers - Selecting responsible suppliers

* Please refer to subsequent pages for the details.



Engaging with Stakeholders – Employees

Employee Self-Service (ESS) On-The-Go	• Application to allow staff access to personal information and services, as well as getting the latest news on the Company on their mobile devices • Features include claims submissions, leave applications, accessing payslips and income tax filings by the Company
Regular Communication Channels	• Staff are updated on the latest corporate news and staff information via our Company's intranet portal <i>Electronic Bulletin Board</i>, inhouse magazine <i>Precision</i>, <i>Innovation@ Launchbay</i> newsletters and monthly Communication Packages • Quality and safety-related notices in Microsoft SharePoint • Dedicated websites within the Company's intranet portal provide staff with information relating to specific interests such as progress on the Transformation initiatives, recreational activities organised by the Sports & Recreation Committee etc • Senior Management will update staff on the Company's performance, development and initiatives after the announcements of half-year and full-year financial performance • Regular updates to staff on matters relating to COVID-19
Transformation and Performance Dialogues	• Transformation dialogues with Senior Management • Daily Performance Dialogues and toolbox briefings serve as platforms for supervisors of each operational unit to engage staff on performance as well as to gather feedback
Surveys	• Organisational Climate Survey to gather staff feedback on employee engagement and work-related concerns with action plans developed to address issues raised • Surveys to solicit staff's views such as the Pulse Surveys on Transformation and the Safety Culture Survey



Engaging with Stakeholders – Employees (cont'd)

Events

- A two-day Safety campaign was held in September 2019 to reinforce staff's safety awareness through experiential learning exhibits, informative seminars and activity booths
- Innovation Week was held in July 2019 to showcase technological initiatives and to nurture an innovative spirit in staff
- Safety Promotion Centre was launched in October 2019 to raise safety awareness

Engagement with Unions

- Monthly meetings between Management and the unions to discuss staff-related issues
- Informal get-together sessions and retreats to maintain collaborative relationships with our union partners
- Working closely with the unions to mitigate the impact of COVID-19



Engaging with Stakeholders – Customers

Regular Contact and Update with our Customers

- Progress reports on the aircraft maintenance checks through emails, tele-conferences and meetings with onsite customer representatives
- Maintaining customer relationships through visits
- Working closely with customers to overcome the challenges of COVID-19

Improving Service Quality and Branding

- Equipping our engineers and technicians with the skills and knowledge to maintain the newest aircraft types operated by our customers
- Expanding our maintenance capabilities through training and partnerships with OEMs
- Promoting maintenance capabilities and services at events such as the Singapore Airshow 2020, international MRO shows and exhibitions
- Sales and marketing plan to enhance SIAEC's reputation as a leading MRO of Choice and Trusted Partner
- Annual independent customer survey to gather feedback from customers
- Maintain the certifications from the airworthiness authorities of airline customers, and pass the audits by the authorities and airlines





Engaging with Stakeholders – Shareholders

Annual General Meeting and Analyst Briefings

- Annual dialogue between shareholders with Chairman and Directors of the Board, and Senior Management at the Annual General Meeting on the performance and developments of the Group; minutes of the Meeting are posted on SIAEC's corporate website
- Half-yearly analyst briefings after announcement of half-year and full year results to update on the financial performance
- Chief Financial Officer participates in investor luncheons with institutional investors
- Investor relations email and telephone contacts are available on SIAEC's corporate website for investors to reach out for queries
- Sustainability Report is published annually to provide updates on our sustainability journey

Timely Disclosure of Information as Required by the Listing Manual

- All relevant information (including materially price sensitive and trade sensitive information) is disclosed on a timely, comprehensive, accurate and transparent basis through SIAEC's corporate website and SGXNet; such material information include its financial results, Annual Reports and other information of interest to shareholders and investors



Engaging with Stakeholders – JV Partners

Engagement with JV Partners

- Dedicated Partnership Management Division to actively track and manage the JVs' performance; the division also acts as liaison between JV partners, JV Management and SIAEC, and maintains relationships through events, visits etc
- Regular engagement with JV partners to drive JVs' performance and explore growth opportunities, such as developing new capabilities, strategic restructuring and acquisition/divestment activities

Regular Meetings to Track Performance

- Regular Management review of JVs' performance and issues
- JV Management and/or JV partners are invited periodically to present the performance and growth plan of the JVs to SIAEC Board
- Representation and participation of SIAEC nominee directors at JV Board meetings to drive JVs' performance

Oversight and Support

- SIAEC provides operational support through JV Management secondees and shared services
- Effectiveness of JVs' internal controls and compliance are monitored through scheduled internal audits
- Safety and quality standards are maintained through regular audits by SIAEC



Engaging with Stakeholders – Suppliers

Engagement with Suppliers

- Our pool of suppliers, majority of them are based in Singapore, the USA and Europe, consists of OEMs such as Airbus and Boeing which supply aircraft parts and tooling to support our MRO business, authorised distributors/repairers, and engineering spares and service providers
- Regular meetings, emails, tele-conferences with suppliers to discuss commercial and operational matters
- Periodic review of suppliers' performance to ensure 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
- SIAEC whistle-blowing programme also allows stakeholders to provide confidential feedback on possible improprieties by our suppliers

Selecting Responsible Suppliers

- Supplier risk assessments are conducted during the selection phase to identify and mitigate sustainability risks and impacts
- Questionnaire for new suppliers

* Our Supplier Code of Conduct sets out the ethical and business conduct requirements which we require our suppliers to comply with.



CREATING CHANGE

SPURRING INNOVATION AND GROWTH

- > INVESTMENTS IN JVS
- > TRANSFORMATION
- > INNOVATION AND TECHNOLOGY



CREATING CHANGE

Spurring Innovation and Growth

Amid the global economic uncertainties from rising geopolitical tensions and the COVID-19 pandemic, we remain focused on investing for the future. At SIAEC, we are building a resilient organisation that can adapt to the ever-changing business landscape and achieve sustainable long-term growth.

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 embarked on a comprehensive review and holistic programme in 2018 to **transform** the way we do our business and to increase our 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 in the industry will remain a key thrust in growing our portfolio of partnerships across the various MRO business segments.



**WIDE
PORTFOLIO
OF JVS**



**INNOVATION
AND
TECHNOLOGY**



Investments in JVs

The Company has formed JVs and partnerships with OEMs and airlines over the years to enhance our service offerings to the 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.





Highlights

- Incorporated *GE Aviation, Overhaul Services – Singapore* to provide a full range of engine MRO services for the GE90 and GE9X engines
 - > JV formed with GE Aviation
 - > GE90 engine exclusively powers the Boeing 777-300ER and 777-200LR
 - > GE9X engine is the sole engine selection for the Boeing 777X aircraft
- Incorporated *Line Maintenance Partnership (Thailand) Company Limited* to provide line maintenance services in Thailand
 - > JV formed with NokScoot Airlines
- Acquired 49% stake in Pos Aviation Engineering Services Sdn Bhd in Malaysia
 - > Provides line maintenance services at airports in Malaysia
- Setting up a line maintenance JV in the Republic of Korea
 - > JV formed with Air Innovation Korea Co., Ltd
 - > Further collaboration with Air Innovation Korea's wholly-owned subsidiary, Aero-K Airlines, through SIAEC's Inventory Technical Management Programme to provide components support to Aero-K Airlines' Airbus A320ceo/neo fleet



Leaders of SIAEC and Pos Aviation Engineering Services at the signing ceremony



Transformation

We started our Transformation journey in 2018 and have achieved positive results. The implementation of high-impact initiatives in the key business units such as Base Maintenance and Line Maintenance has resulted in operational and financial improvements.

The Company also embarked on an organisation design review in 2019 to increase the agility of the organisation. During the review, each division re-examined their goals, identified key challenges, opportunities and capability requirements, and redesigned a more efficient organisational structure that will better deliver customer satisfaction and adapt to the ever-changing business landscape.





Case Studies

Reducing the Time to Descale Beverage Makers at Galley Insert Shop

BEFORE

Descaling of beverage makers is a laborious process and time-consuming

Cleansing of an espresso machine can take up to nine hours

AFTER

From an idea initiated by staff, a project team has designed and built an automatic descaling machine that reduces the time taken to descale an espresso machine by 66% to three hours

With the reduced processing time, preventive descaling service is being offered to airline customers to prolong the lifespan of their espresso machines

Cross-training of Composite and Sheetmetal Skillsets

BEFORE

- Low manpower utilisation
- Inefficient processes between Structure and Composite shops
- Many jobs require cross-functional work, e.g. the Sheetmetal team is required before the Composite team can perform repairs

AFTER

- Cross-train staff and form new team structure with both Sheetmetal and Composite capabilities
- Resulted in increased productivity and higher output



Innovation and Technology

Innovation is a key enabler of our Transformation programme. The Company has developed an Operations and Technology Capability Roadmap to prioritise key technology focus areas to meet business objectives and needs. Significant investments have been made to adopt technology in our operations to be ahead of the competition.

Digital Collaboration

Our digital collaboration initiatives improve work connectivity by leveraging mobile applications to provide staff with information on-the-go. Work information such as maintenance manuals, airside notices, quality notices, work assignments and availability of resources are easily accessible through mobile applications, thereby improving productivity and enabling staff to make data-driven decisions.

Case Studies

Smart MX Engineers App – a One-Stop Application

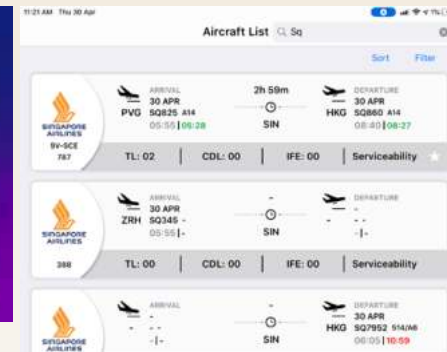
Smart MX Engineers App is a comprehensive one-stop application that provides engineers and technicians access to maintenance manuals and work-related information needed for their operations. The application is developed using agile methodology and includes the following functionalities:

- Access to aircraft manuals and quality notices
- Flight schedules and staff assignment
- Aircraft defect logs

To facilitate the access to information, we have equipped our operational staff with over 800 mobile tablets. The mobile tablets are made available to the maintenance crew 24/7 via self-service dispensing machines, making for convenient collections and returns.



Smart MX Engineers App



Mobile tablets dispensing machines



Making a Difference: A Day in the Life of a Licensed Aircraft Engineer

BEFORE

Check-in at clock-in terminal

Performance dialogue

Print out assignment

Proceed to workstation to prepare for work assignment

- Review the defects of the aircraft
- Prepare by reading the manuals, e.g. Aircraft Maintenance Manual (AMM) and print out necessary documentation
- Prepare the materials and collect necessary tools
- Call control room to book equipment
- Find transport to perform the assignment

Execute

- If there is work arising, communicate with the control room for advice
- Go back to office to access the AMM
- Return to the aircraft to complete the task

After the work is accomplished, return to the control room to complete and submit the documentation for filing

Proceed to next assignment

AFTER

Check-in at clock-in terminal

Performance dialogue

Log in to the Engineers App

Access the Engineers App to view:

- Tech log: review the defects of the aircraft
- Manual reader: prepare by reading the manuals (e.g. AMM) and print out necessary documentation
- Check material availability
- Check tool availability
- Check the location of equipment
- Prepare the materials and collect necessary tools
- Find transport to perform the assignment

Execute

- If there is work arising, communicate with the control room for advice
- Access the Engineers App for the required information

After the work is accomplished, complete and submit the documentation through E-Task Mobile Mechanic

Proceed to next assignment



Supply Chain Infrastructure

Supply chain is an integral part of SIAEC's operations. Various initiatives have been rolled out to increase efficiencies in different aspects of the supply chain to better support operations.

Case Studies

Pneumatic Tube System

Through automation, we have increased the efficiency of delivering parts from our warehouse to the operational areas. The Pneumatic Tube System (PTS) is a network of tubes and receiving stations that transports small-sized parts (up to 5kg) in capsules between our warehouse, hangars and workshops. The PTS reduces the average delivery time from 90 minutes to just five minutes.



Warehouse personnel operating the PTS

Dispensing Solution

We have installed parts dispensing machines to facilitate the issuance of fast-moving expendables such as fasteners, which reduce the time taken for our staff to draw out parts. In addition, the system reduces the time required for stock-taking by an average of six hours each week.



Parts Dispenser



Machine Vision

Through the use of video and image analytics, machine vision initiatives aim to improve the productivity of inspection tasks and enhance the safety, security and quality surveillance of operational activities.

SIAEC is working with OEMs and research institutes to explore solutions to automate the visual inspection process, which will enhance work quality as well as reduce the time taken to perform the inspections. Potential solutions include the use of drones which may reduce inspection times by up to 50%.

Case Study

Video Analytics Test Bed at Hangar 3

A test bed has been set up at Hangar 3 to explore the implementation of video analytics. Through this project, our operational and security teams will have access to real-time visualisations of the hangar operations and receive alerts of any quality, safety or security infringements. Other functions include geofencing for housekeeping, driving speed monitoring and heatmapping of the hangar floor.



Potential applications of machine vision

Innovative Culture

Aviation is a fast-changing industry and having an innovative culture is crucial to SIAEC's success. We encourage ideas from employees to continually improve our processes.

Case Study

SIAEC Innovation Week 2019

Innovation Week is an annual event organised by the Innovation Group to showcase the Innovation initiatives of the Company. The event serves as an avenue to encourage suggestions for new projects and to nurture an innovative culture amongst our staff. More than 2,000 staff attended the week-long event held from 23 to 26 July 2019.

In line with this year's theme of 'Building an Innovative Culture', several staff-initiated projects were displayed at the event. The staff who were involved in the projects also shared their experiences to inspire others to come forth with more innovative ideas. Innovative "Made in SIAEC" projects were showcased with exhibits from our industry partners featuring technology such as robotics, video analytics, virtual/mixed reality, simulation-based training and advanced tooling for aircraft maintenance tasks. Speakers from Rolls-Royce, Boeing, Thales, SIMTech and SAFRAN were also invited to give insights into technological developments in the aviation industry.



Guests viewing the exhibits at the Innovation Week 2019



RESPONSIBLE CHANGE

ENSURING SAFETY, SUSTAINABILITY AND ACCOUNTABILITY

> ENSURING SAFETY

- Aviation and Workplace Safety
- Managing Safety through Four Key Thrusts

> ENSURING ENVIRONMENTAL SUSTAINABILITY

- Managing Energy Consumption
- Tackling Carbon Emissions
- Environmental Policy and Management System

> ENSURING TRANSPARENCY AND ACCOUNTABILITY

- Corporate Governance
- Risk Management
- Ethics and Integrity



ENSURING SAFETY

Safety is of utmost importance in our business and operations. We are committed to maintaining a world class standard in aviation safety, and will continually improve our workplace safety and health standards.

As a leading MRO service provider, ensuring **aviation safety** through delivering the highest standard in quality is essential. Our safety culture also applies to **workplace safety** as we continually strive towards zero safety incidents. We adopt a multi-pronged approach for safety through **four key thrusts** comprising board oversight, safety management system, training and communication, and partnership with stakeholders.



**WORKPLACE
SAFETY**



**AVIATION
SAFETY**



Our Safety Priorities: Aviation Safety and Workplace Safety

Aviation Safety

There is no compromise on safety. 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 by airworthiness authorities and airline customers in adherence to mandated standards of safety and quality.

SIAEC holds certifications from 25 national airworthiness authorities worldwide and in Singapore. We passed all 92 audits by the authorities and 140 audits by airline customers in FY2019/20.

Workplace Safety

The Company values every staff and their safety is of utmost importance to the Company. We want to ensure our staff return safely to their families. Furthermore, any staff injury will adversely affect our productivity and staff morale. As such, we strive towards zero safety incidents.

Safety is an essential focus in all our operations. We instil and promote safety consciousness among our staff to prevent accidents and injuries. We continually review our practices and processes, and implement initiatives and technologies to enhance safety and to facilitate operations. This is especially important as Singapore faces the challenge of an ageing population and workforce.



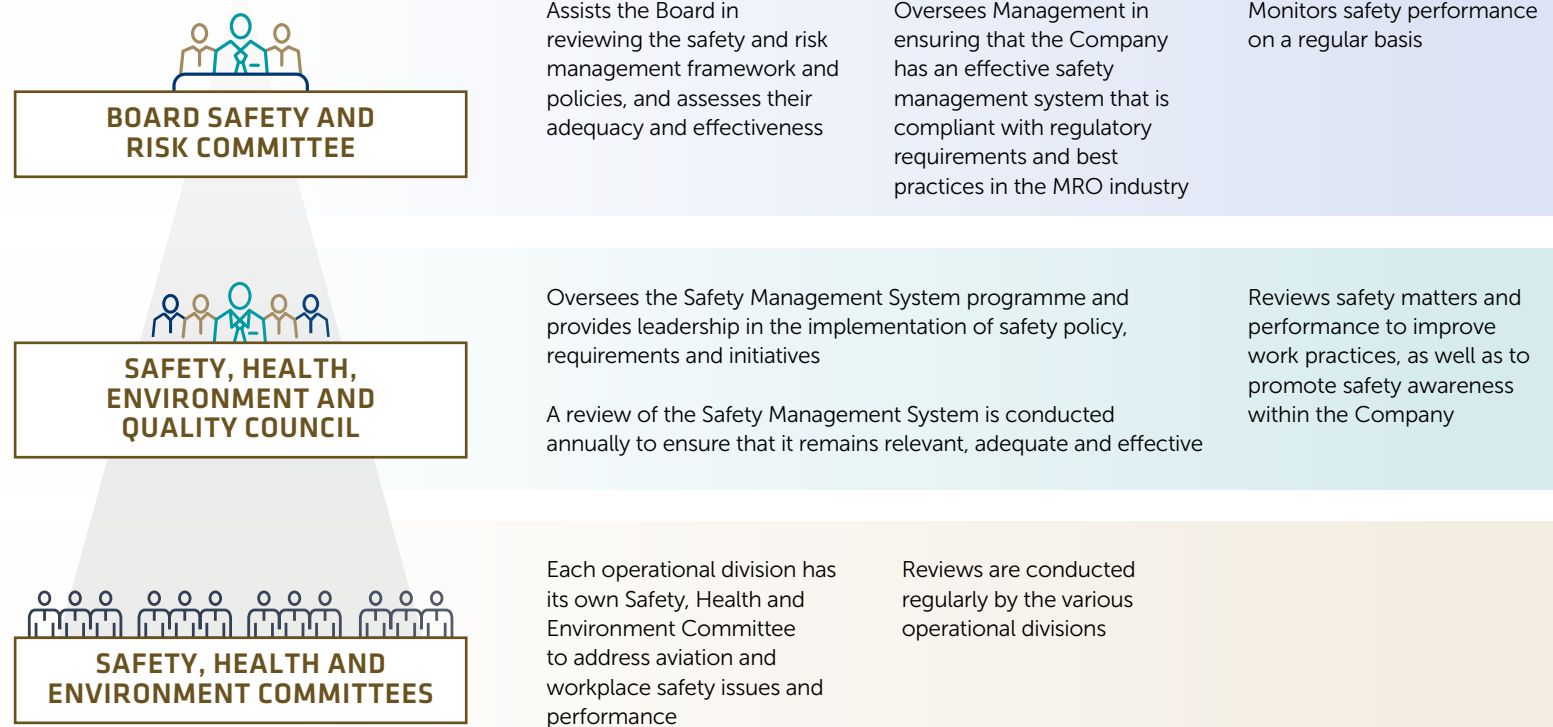


Managing Safety Through Four Key Thrusts

We work towards ensuring a safe work environment while providing high quality aviation engineering services to our customers through four key thrusts:

THRUST 1: BOARD AND MANAGEMENT EMPHASIS AND OVERSIGHT

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

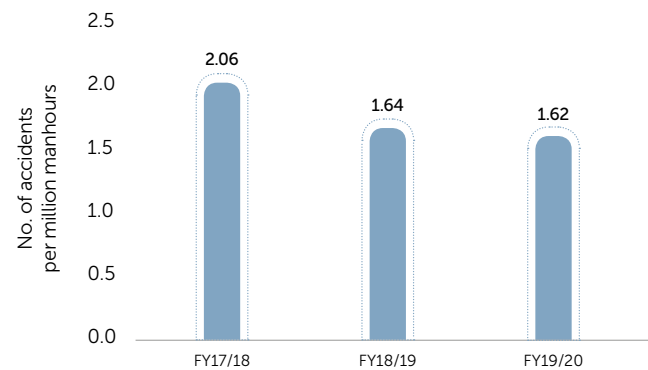




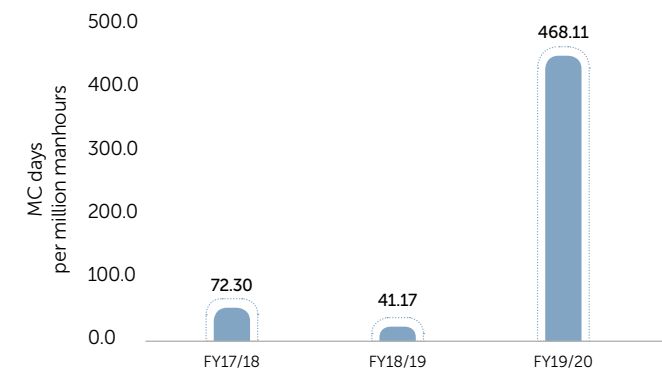
Safety Performance

Our Reportable Accident Rate (RAR) decreased in FY2019/20. However, our Reportable Severity Rate (RSR) increased as we recorded a workplace fatality in FY2019/20. We do not compromise on safety and will push on with our safety efforts.

Reportable Accident Rate
(per million manhours)



Reportable Severity Rate
(per million manhours)



Note: The higher reportable severity rate was attributed to a fatality in FY2019/20. The Ministry of Manpower considers a fatality equivalent to a loss of 6,000 man-days.

		Employees	Workers	Total
FY2019/20	Reportable Accident Rate (per million manhours)	1.58	1.73	1.62
	Reportable Severity Rate (per million manhours)	598.5	NA	468.1
	Fatalities	1	0	1
FY2018/19	Reportable Accident Rate (per million manhours)	1.96	0.56	1.64
	Reportable Severity Rate (per million manhours)	45.7	NA	41.2
	Fatalities	0	0	0
FY2017/18	Reportable Accident Rate (per million manhours)	1.74	1.41	2.06
	Reportable Severity Rate (per million manhours)	68.0	NA	72.3
	Fatalities	0	0	0

Note: Injuries are mainly sprains, strains, lacerations, bruises and contusions.



THRUST 2: SAFETY MANAGEMENT SYSTEM

The Company's Safety Management System focuses on effective safety management at the workplace and promotes safety ownership among the workforce. To ensure that our operations are aligned with internationally recognised standards of occupational health and safety, our safety processes are accredited with the latest ISO 45001:2018 Occupational Health and Safety Management System standard.

The Company also has an Aviation Safety Management System in place to ensure that all matters of aviation safety meet the requirements set by the Civil Aviation Authority of Singapore, and are in accordance with the International Civil Aviation Organisation's standards and recommendations. The Executive Vice President Operations is the Accountable Manager for aviation safety and is responsible for ensuring an effective and functioning Aviation Safety Management System.





THRUST 3: TRAINING AND COMMUNICATION

At SIAEC, we aim to anticipate and eliminate any hazards in the workplace that may result in personal injury or illness and/or loss or damage to property and equipment.

Training

Staff are kept abreast of the latest safety requirements, inhouse rules and industry best practices through regular training and our Safety Handbook. All new employees and contractors will have to undergo safety awareness training conducted by qualified workplace safety and health officers before they can start work.

Driving and Mobile-Elevated Work Platform Training Simulators

To enhance the quality and efficiency of training, the airside driving and Mobile-Elevated Work Platform (MEWP) training simulators were introduced. These virtual reality (VR) training systems simulate working scenarios in the airport and hangar environments. The VR systems are designed to test the decision-making skills of our staff and provide an immersive learning experience by allowing staff to practise the handling of emergency scenarios in a risk-free environment. Training sessions can be analysed to review the performance of participants to improve their proficiency and confidence.



Staff going through the airside driver refresher training using the VR driving simulator



Staff trying out the MEWP VR training simulator during the SIAEC Safety Campaign

SIAEC Safety Campaign 2019

The annual Safety Campaign is one of the platforms for the Company to communicate and reinforce the safety culture of SIAEC. The theme for this year's Safety Campaign is 'Reinforcing Resilience, Strengthening Safety'.

More than 1,000 staff, contractors and partners attended the event, which saw participants engaged in various aviation and workplace safety topics through experiential learning exhibits, informative seminars and activity booths. In addition, safety awards were given out to staff who demonstrated exemplary safety behaviour.





Feedback

Besides the Company whistle-blowing programme, there is an additional hotline for the confidential reporting of quality or safety concerns by employees. Reports are followed up promptly to ensure that the issues are adequately resolved.

Performance Dialogue

The performance dialogue framework consists of a cascade of metrics and targets across all levels. Supervisory staff monitor these metrics and engage their teams to discuss the section's performance covering areas such as cost, manpower and delivery, with emphasis on quality and safety. The daily engagements provide staff with the visibility of progress in addressing their feedback on operational issues.

Highlights

Maintenance Line Operations Safety Assessment

The Company spares no effort in enhancing its safety performance. During the year, a new programme, Maintenance Line Operations Safety Assessment (M-LOSA) was introduced. The programme adopts a non-punitive and proactive approach to identify threats and errors, and address issues before incidents occur. Experienced staff volunteer to observe their peers at work to identify good and poor practices. The observations are subsequently analysed with follow-up action plans formulated to improve safety.

Safety Promotion Centre

As part of the Company's commitment towards safety, the Safety Promotion Centre was launched in October 2019 to further raise the awareness of aviation safety.

The Centre highlights lessons learnt from past aviation incidents that were related to maintenance. Through immersive audio and visual media, informational displays and interactive activities, the Centre aims to inculcate a safety-oriented mindset in all employees. All employees are required to attend an instructor-led training at the Centre.

Through collaboration with industry stakeholders, the Safety Promotion Centre aspires to be a Centre of Excellence in safety for the aviation industry.

A way to help one another by watching everyday activities

A way to see our best practices

A way to seize opportunities to improve

A way to prevent the things that can go wrong

A way to identify problems before they happen

PEER-TO-PEER

NO NAME, NO BLAME



Safety Promotion Centre



THRUST 4: PARTNERING OUR STAKEHOLDERS ON SAFETY OWNERSHIP

Partnering with the Changi Airport Group

We work closely with our industry partners on safety. We are a member of the Singapore Airside Operations Safety Committee, which is chaired by the Changi Airport Group. Both our organisations participate in each other's initiatives, such as the standardisation of ramp-handling procedures in Changi Airport.

Safety Culture Survey

A Safety Culture Survey was conducted in 2019 to assess the overall safety climate in the Company and to gather operational staff's feedback on safety matters. The results showed a high level of staff safety awareness and willingness to voice safety concerns, and the majority of respondents indicated that they take ownership of their actions to ensure a safe workplace. We will continue to emphasise the message of safety through performance dialogues and training at the Safety Promotion Centre.

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

Case Study

Changi Airport Group Annual Airport Safety Awards 2019

The Changi Airport Group Annual Airport Safety Awards ceremony was held to recognise the safety efforts of the staff and partners of the airport community. SIAEC had once again received recognition for its initiatives, garnering several awards during the event:

- > Gold award for the use of VR to enhance the training for performing aircraft maintenance tasks
- > Bronze award for using a motorised drive attachment to retrofit heavy maintenance steps, which can weigh up to one tonne; this has reduced the manoeuvring effort and halved the manpower needed from four to two
- > A team of marshallers was commended for their safety act in averting a possible ground accident and was awarded the Bronze award
- > SIAEC was recognised as one of the top contributors for airport safety hazard reporting and was awarded the Best Safety Exhibition Partner



The teams from SIAEC with Senior Management at the Changi Airport Group Annual Safety Awards Ceremony



ENSURING ENVIRONMENTAL SUSTAINABILITY

No country is immune to climate change. 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 large amount of electricity and water.

Electricity is the biggest utility of SIAEC's operations. We are committed to **managing our energy consumption** by reducing wastage and shifting to renewable sources of electricity. This is in conjunction with our efforts to **tackle carbon emissions**—following Singapore's Paris Agreement targets, the Company has set a target to achieve more than 24.48% reduction in our FY2013/14 carbon emissions intensity level by 2030. The Company's **Environmental Policy and Management System*** articulates our commitment to high standards of environmental compliance, and facilitates our strict management of effluents and wastes.



**MANAGING
ENERGY
CONSUMPTION**



**TACKLING
CARBON
EMISSIONS**

* Our Environmental Policy articulates our commitment to maintaining high standards of environmental management in our operations and complying with environmental laws and regulations, while our Environmental Management System sets out to minimise the negative environmental impact of our operations.



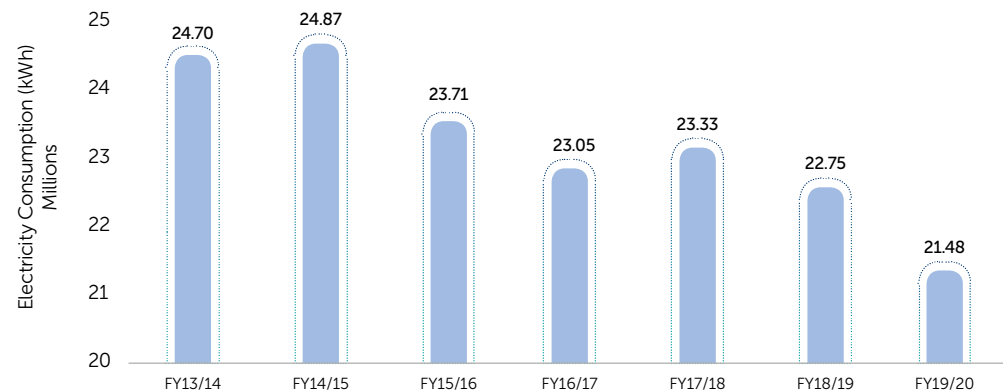
Managing Energy Consumption

The Company's main utility usage is the electricity used to support daily MRO activities in the hangars, workshops and offices. Any disruption to the electricity supply will jeopardise our operations. To minimise energy wastage, SIAEC implements proper energy management control. 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 our carbon footprint.

An Energy Management Committee, comprising the Facilities Department and our building contractor, actively drives energy management programmes to control energy consumption and minimise wastage. Energy data is reviewed regularly and reported to Management. Any significant deviations will be identified, investigated and remedied. We also identify areas of high electricity consumption and formulate solutions to reduce usage. Our goal is to achieve a 15% reduction in our FY2013/14 energy consumption level by FY2023/24.

To reduce our reliance on electricity generated from non-renewable sources, we have embarked on the installation of a solar photovoltaic system on the roofs of our hangars and the Engine Test Facility. The system is expected to generate 4,200 MWh of clean energy yearly, the equivalent of powering 940 HDB 4-room flats for a year, and will reduce our consumption of fossil fuel-generated electricity by approximately 20%. The system is targeted to be operational by the end of 2020.

SIAEC TOTAL ELECTRICITY CONSUMPTION
Hangars 1 to 6 (kWh)





Tackling Carbon Emissions

Singapore has taken a major step to protect our environment with the introduction of carbon tax in 2019. This sends a strong signal to the business community that corporations have an important role to play in the global efforts to combat climate change.

We endeavour to regulate the greenhouse gas (GHG) emissions from our MRO operations. Emission levels are closely monitored to ensure that they are within the thresholds set by the authorities.

Our vehicles undergo regular maintenance and inspections to minimise air pollution from vehicular emissions. We ensure that we comply with environmental regulations, including the smoke emissions and fuel usage restrictions by the Land Transport Authority and National Environment Agency. We aim to reduce our carbon emissions through initiatives that reduce our electricity consumption and use vehicles that meet low GHG emissions standards. As part of our shift towards more sustainable sources of energy, we are undertaking a feasibility study to replace our petrol and diesel-operated vehicles with electric vehicles, and embarking on a trial of using electric tow tractors in our operations.

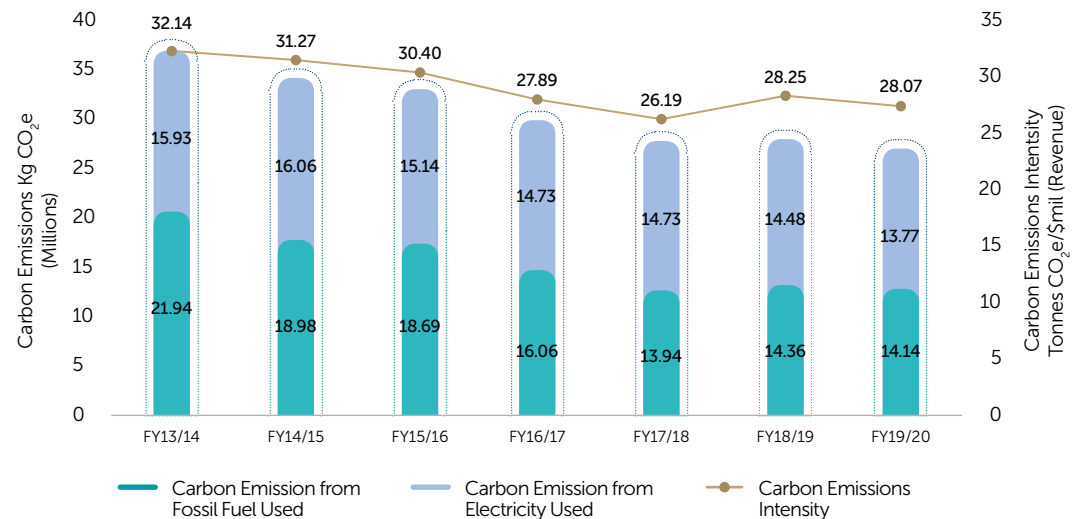
Taking reference from Singapore's target under the Paris Agreement to reduce GHG emissions intensity by 36% from 2005 level by 2030, we have set a long-term target to achieve more than 24.48% reduction in our FY2013/14 carbon emissions intensity level by 2030.

The initiative to install a solar photovoltaic system on the roofs of our hangars and the Engine Test Facility to tap clean energy will reduce our carbon emissions by approximately 2,000 tonnes CO₂e per year.

Direct Emissions and Indirect Emissions (kg-CO₂e)

Total Carbon Footprint (kgCO₂e)

Hangars 1 to 6, Engine Test Facility and Company Vehicles





Environmental Policy and Management System

Our environmental policy articulates our commitment to maintaining high standards of environmental management in our operations and complying with environmental regulations. Our Environmental Management System, certified to the ISO 14001 standards since 1998, sets out to minimise the negative environmental impact of our operations.

We maintain a stringent auditing system through internal 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 put in place. This ensures strict compliance with the applicable regulatory requirements.

Environmental impact is assessed at the start of the project, during the planning stage where the design, handling, storage and disposal of materials are considered. All proposed projects are discussed with the Management and approvals are sought before commencement of the projects. Once the projects are implemented, the data is collected and checked against the design data, and the results are reported to the Management.

Water Conservation

We promote discipline in water usage. Our facilities maintenance team tracks the water consumption data and any unusual increase in water usage will be investigated and remedied.

Rainwater is collected in tanks and is used for the flushing of toilets in three of our hangars. In 2020, the Company obtained the Water Efficient Building Certification from the Public Utilities Board for adopting water-efficient measures.

We will continue to monitor our water consumption closely and implement water-saving measures.



Responsible Disposal

The Company has put in place waste sorting and disposal processes as well as a contamination prevention process, which are managed by a licensed toxic industrial waste collector.

These processes also regulate the disposal of toxic industrial waste and the storage, transportation and disposal of aircraft parts to minimise the environmental impact from our operations.

Trade Effluents Management

As part of the Environmental Management System Policy in preventing pollution under ISO14001, SIAEC is focused on effluents management. The Company is committed to ensuring that the wastewater generated from our operations does not pollute our waters. Our hangar facilities are equipped with wastewater treatment plants to make wastewater safe for discharge into the public sewers. We are studying the feasibility of upgrading our wastewater treatment plants to expand the handling capability.

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.

Waste Management

Singapore generated 7.7 million tonnes of waste in 2018, equivalent to the volume of 15,000 Olympic-size swimming pools. Based on the current rate of waste generation, Singapore's only landfill, the Semakau landfill, is expected to run out of space by 2035—a decade earlier than planned. To curb wastage, the Ministry of Environment and Water Resources designated 2019 as the Year Towards Zero Waste. With limited land for waste disposal and landfilling, we need to **Reduce** our waste, **Reuse** and **Recycle** (3Rs) resources.

In line with the national efforts in waste minimisation, the Company pays close attention to waste management and aims to reduce waste from our offices and operational activities. We have new and ongoing efforts to promote the 3Rs. A recycling scheme is in place to recycle paper, cardboard, scrap metal and electronic waste from our offices and operational areas. Licensed recycling service providers are engaged to collect and ensure that our recyclable materials are processed properly.

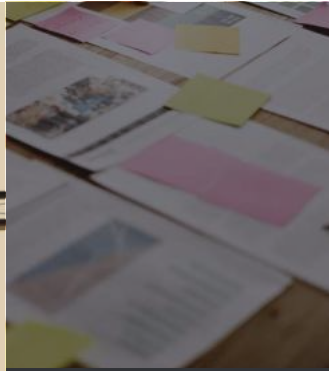
Raising Environmental Awareness

Environmental awareness activities and upcycling workshops were conducted to raise staff awareness in reducing waste. We will continue to conduct these activities to educate staff on the importance of recycling and segregating the recyclables into the appropriate bins. Office staff were also given a set of stainless steel reusable cutlery and straws to reduce the use of single-use plastics during meals.

Reducing Consumption of Paper

Several company-wide paperless initiatives have been implemented to reduce paper consumption, such as E-Tasks to digitise maintenance paperwork, issuance of e-letters to staff, online submission of hangar entry passes and petty cash claims, and medical claims via mobile applications.

Through our digitalisation efforts and encouraging staff to practise the 3Rs, we have reduced our paper consumption over the years. For FY2019/20, we achieved a 14% reduction in our paper consumption compared to the year before, equivalent to saving 48 trees. We will continue to pursue digitalisation of other processes to further reduce our paper usage.



CORPORATE GOVERNANCE



RISK MANAGEMENT



ETHICS AND INTEGRITY

ENSURING TRANSPARENCY AND ACCOUNTABILITY

In support of SDG 16 (peace, justice and strong institutions), SIAEC places a high priority in conducting ethical business and preventing corruption or bribery. We ensure transparency and accountability through strong **corporate governance**, **risk management**, and implementing codes of **ethics and integrity**.



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, having a clear division of powers and duties between the Board and Management, the 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, namely the Audit Committee, the Compensation & Human Resource (HR) Committee, the Board Safety & Risk Committee and the Nominating Committee.

Please refer to the FY2019/20 Annual Report for more details on the Company's corporate governance framework.

Board Diversity

The Company is committed to having diversity on the Board, taking initiatives designed to attract the most talented individuals as Directors, regardless of their race, ethnicity, nationality, religion, age, gender, disability status or any other dimension of diversity. The Board views diversity as an important element to ensure that Board members provide the necessary range of perspectives, insights, experience and expertise for effective stewardship and management of the Company's business. In relation to gender diversity, it is of the view that gender is but one aspect of diversity and the Board will continue its policy for Directors to be selected on the basis of their experience, skills, knowledge and insights.

In discharging its duties in its review of the structure, size and composition of the Board and the Board committees,

the Nominating Committee gives due regard to the benefits of all aspects of diversity. In support of gender diversity and in accordance with its Terms of Reference, the Nominating Committee will ensure that appropriate efforts are made to include suitably qualified women in the list of candidates for a Board position. The Nominating Committee has developed a Skills Matrix, which denotes the experience and expertise of Directors in relation to the Company's business activities and strategic goals. The Skills Matrix, which serves as a guide to identify the competencies and attributes for new Board appointments, is regularly updated and reviewed by the Nominating Committee.

Please refer to the Company's Annual Report for FY2019/20 on its compliance with the Code of Corporate Governance 2018 for more information.



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 the 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.

The 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. We proactively identify, address and review key risks on an ongoing basis. The Company has in place a continuous and iterative risk management process which takes reference from the ISO 31000 risk management guidelines.

The Risk Management framework is published on our website and further details can be found in the FY2019/20 Annual Report.

Managing the Effects of the COVID-19 Pandemic

The COVID-19 pandemic has posed unprecedented challenges to the aviation industry. The Group is monitoring and assessing the situation and associated risks closely, and is proactively implementing measures to mitigate the impact.

Some of the key measures undertaken include (i) implementing a pandemic response plan to protect our staff, (ii) activating and reviewing business continuity plans to protect and minimise disruptions to operations, including making rapid adjustments to the Group's operations in response to the evolving situation, (iii) taking actions to mitigate the adverse financial impact and to protect jobs, and (iv) working closely with our partners and customers to jointly overcome the challenges during this difficult period.

We have taken prompt and appropriate measures that are aligned with the Ministry of Health's advisories to safeguard our employee's well-being, especially for the vulnerable staff (older, pregnant or with underlying medical conditions).

With more staff telecommuting, the Group is mindful of the associated cyber security risks. Besides providing staff with the necessary IT support to work from home, appropriate cyber security measures have also been implemented to protect our IT systems. Regular reminders are sent to staff to maintain vigilance and adopt good information security practices against the risks of hacking and phishing attacks.

As the COVID-19 situation is still evolving, we will continue to monitor the situation closely and take the necessary measures to mitigate the impact.



SIAEC Risk Appetite Statements

Regulatory

SIAEC is fully committed to complying with applicable laws and regulatory requirements, and conducting business with integrity, transparency and honesty.

Strategic

- SIAEC pursues diversified growth in the aircraft maintenance, repair and overhaul business to mitigate the risk of over-reliance on any single segment.
- In addition to the Singapore hub, SIAEC also grows our presence overseas to capture growth opportunities in those markets and diversify our revenue sources.
- To maintain competitiveness, SIAEC continually invests in infrastructure, equipment, technology, systems and training to develop capabilities, optimise operations and maintain a highly-skilled and productive workforce.
- SIAEC forms strategic partnerships with airlines, aerospace original equipment manufacturers and other relevant companies, to gain long-term access to key markets, technologies and capabilities.
- SIAEC will continue to strengthen our business portfolio by pursuing value-accretive opportunities in new markets and businesses, whilst maintaining a disciplined and robust investment approval process, and ensuring a prudent approach in managing the associated risks.

Safety, Health and Environment

- Safety is our top priority and of paramount importance to the continuing operations of SIAEC. There is no compromise on safety and this message is continuously reinforced in our daily work and training.
- Conscientious efforts are made to embed continued safety vigilance and safety culture amongst all staff. This includes providing a safe work environment, encouraging active reporting of safety matters, continuous learning and improvement whilst maintaining the highest standard of quality and safety in aircraft maintenance.
- SIAEC is committed to operate in an environmentally responsible manner and continually explores sustainable solutions.





Ethics and Integrity

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

The Company is committed to acting lawfully and conducting every aspect of our business with integrity. The Company has put in place a comprehensive set of policies to maintain a robust system of risk management and internal controls. These policies are reviewed regularly and any introduction of new policies and/or revisions of existing policies are published on the Company's intranet, which is accessible to all employees.



Anti-Corruption/Bribery

The Company has a zero-tolerance policy towards bribery and corruption. There are clear guidelines and procedures for the giving and receiving of corporate gifts and concessionary offers.

To ensure compliance, the Company has an online training programme on anti-corruption/bribery policies. Employees (not including engineers and technicians, whom the Company assesses to have negligible exposure to illegal and/or unethical influences) are required to complete this online training regularly and the completion rates are reported to the Management Committee on a quarterly basis.

- 2,673 employees underwent the recurrent online training programme on anti-corruption/bribery policies in FY2019/20
- Nil incidents of corruption discovered or reported in FY2019/20

Whistle-Blowing Programme

In addition to the regular training and education, the Company has an established whistle-blowing programme for the reporting and investigation of wrongdoings, which has been updated and endorsed by the Audit Committee in 2020. Internal and external stakeholders can provide confidential feedback or raise concerns about possible improprieties in any matter through a dedicated email or a 24/7 hotline. All whistle-blowing reports are reviewed by a Whistle-Blowing Committee and reported to the Audit Committee. Our internal processes ensure that there is independent investigation of any reported incidents and appropriate actions for follow up.



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, including:

- Harassment
- Reporting of wrongdoing
- 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 which they can raise their concerns or report any cases of misconduct.

Supplier Code of Conduct

We expect all our suppliers, including their subcontractors or service providers, to uphold the same high standards of integrity and business ethics, and adhere to applicable laws and regulations.

Our environmental, social and ethical requirements are set out in the Supplier Code of Conduct which includes a non-exhaustive list of ethical and business conduct requirements that we require all our suppliers to comply with. We enforce these requirements through purchase orders and agreements, which include anti-corruption/bribery provisions. 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.

Fraud Awareness Week

In conjunction with the International Fraud Awareness Week—established by the Association of Certified Fraud Examiners in 2000 to promote anti-fraud awareness and education—SIAEC participated in a series of SIA Group activities in November 2019 to raise awareness about fraud.

The theme for this year's event is 'Don't be a Victim of Fraud'. The message for participants was that everyone may be a target of fraud scams and everyone should play a part to protect themselves and the Company from becoming a victim of fraud. Activities during the week-long event included a talk by a speaker from the Singapore Police as well as exhibition booths.



Over 200 attendees attended the talk by a speaker from the Singapore Police



DELIVERING CHANGE

COMMITTING TO OUR COMMUNITIES

- > **A COMPETENT WORKFORCE**
 - A Strong Pipeline of Talents
 - Learning and Development Programmes
- > **INCLUSIVE ENVIRONMENT FOR ALL STAFF**
 - Diverse Workforce and Employment
 - Performance Review
 - Industrial Relations
 - Staff Welfare
- > **GIVING BACK TO LOCAL COMMUNITIES**



A COMPETENT WORKFORCE



INCLUSIVE ENVIRONMENT



GIVE BACK TO THE LOCAL COMMUNITY

DELIVERING CHANGE

Committing to Our Communities

People are our greatest asset. A key to our Company's growth and success is the strong pipeline of talent to meet our need for a **competent workforce** of licensed aircraft engineers and technicians, as well as our group of executives. In addition, our strong belief in the learning and development of our workforce continue to sustain our growth and ability to stay at the forefront of the industry. We also provide an **inclusive environment** for our employees to build their careers. In line with our corporate social responsibility (CSR) motto of 'Enabling People, Improving Lives', our employees participate in numerous activities to **give back to the local community**.



A Competent Workforce

A strong technical workforce and innovative talents are pivotal to the Company's success as a global MRO player. We firmly believe in actively spurring our staff to always perform to the best of their abilities.

A Strong Pipeline of Talents

We recognise the need to attract and retain the best talents to build a sustainable pool of licensed aircraft engineers, technicians and business leaders, and having a good training and development structure for their career progression and professional growth.



Collaboration with Singapore Institute of Technology

Under a collaboration with the Singapore Institute of Technology (SIT), SIAEC jointly delivers a three-year direct honours degree programme, leading to the Bachelor of Engineering with Honours in Aircraft Systems Engineering. The curriculum incorporates an intensive eight-month Integrated Work Study Programme (IWSP) at SIAEC. The programme is recognised by the Civil Aviation Authority of Singapore in fulfilling the requirement for a SAR-147 Approved Basic Course which would lead to the award of an Aircraft Maintenance Licence after further training with an MRO. Graduates from this programme will meet the growing needs of the aerospace and MRO industry in Singapore, as well as to fulfil our need for licensed aircraft engineers.





Work-Learn Technical Diploma

SIAEC and our wholly-owned subsidiary, Singapore Aero Support Services Pte Ltd, are collaborating with Temasek Polytechnic and Institute of Technical Education (ITE) to develop a Work-Learn Technical Diploma (WLTD). The programme creates additional pathways for local graduates to explore careers in the aviation industry and develops a continuous pipeline of Cabin Trainee Technicians for SIAEC. Students undergo a structured programme at the institutes of higher learning and SIAEC, which culminates in a diploma. The programme at Temasek Polytechnic has commenced in 2019 while the programme at ITE will be launched in the second half of 2020.

Earn and Learn Programme

SIAEC has been appointed as the Programme Manager for the Aerospace Earn and Learn Programme (ELP). The programme is targeted at fresh graduates from the Polytechnics and ITE to encourage them to pursue a career in the aviation industry.

SIAEC's 12-month Aircraft Trainee Technician programme has been accredited under the ELP. We have also developed and delivered ELP-accredited Trainee Technician programmes for our JVs, Singapore Aero Engine Services Pte Ltd and Singapore Aero Support Services Pte Ltd respectively.

Singapore-Industry Scholarship Programme

2019 marks the eighth consecutive year that SIAEC has participated in the Singapore-Industry Scholarship (SgIS) programme. The scholarship programme attracts the best talents with a passion to pursue a career in the MRO industry and to join our organisation. Established in 2012 by the Ministry of Education as a government-industry partnership in talent development, scholarships are offered to Singapore citizens pursuing local and overseas undergraduate studies and who have demonstrated well-rounded excellence at school. In FY2019/20, 11 students were awarded scholarships under the scheme.



SgIS Recipients

Partnership with Singapore University of Technology and Design

SIAEC is an industry partner with the Singapore University of Technology and Design (SUTD) on its Data and Business Analytics course. Through the collaboration, SUTD students have the opportunity to work with industries to apply their knowledge on data manipulation, data visualisation, data analysis, system modelling, revenue and cost estimation, financial ratio analysis, and business simulation. At the end of the semester, students will be able to showcase their projects with practical industry applications.

We have embarked on several projects relating to manpower optimisation, equipment clustering and data dashboard with the SUTD students. With this partnership, we hope to attract more SUTD graduates to make SIAEC their employer of choice.

Pathways in Technology Programme

SIAEC is proud to be one of the industry partners of IBM in its Pathways in Technology Programme (P-TECH), which aims to increase the pool of skilled talent to aid companies in their digital transformation efforts. Through the programme, ITE students will gain early exposure to career paths in the Information and Communication Technology (ICT) and Science, Technology, Engineering, Mathematics (STEM) disciplines, which will open doors for the students to pursue Polytechnic Diplomas or ITE WLTD in related sectors.

The Company hosts innovation talks to showcase digital transformation in the MRO industry and conducts half-day programmes to impart soft skills such as self-management, time management and motivation to help the students appreciate the relevance of their coursework to the real-world applications of technology.



Students in Pathways in Technology Programme presenting their ideas to other teams



Learning and Development Programmes

SIAEC is fully committed to developing our workforce and fostering a continuous learning culture. A skilled workforce is critical in ensuring that the Company is ready to take on challenges and opportunities in the highly specialised, fast-changing environment that we operate in, and continuous learning prepares us 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. Staff and employees are 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 learning and development programmes that help them to build technical competencies and soft skills. Structured learning roadmaps provide our staff with targeted and relevant learning opportunities at appropriate points in their careers, including 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. Other training opportunities include learning and developmental programmes, on-the-job training and coaching, overseas postings and job rotations. We also seek new tools and technologies to support learning and drive a culture of self-directed learning within the Company.

Our target is to maintain an annual average of 34 training hours per employee. In FY2019/20, we have achieved an average of 41 training hours per employee.



Training Highlights	FY2019/20
Amount invested on staff training	S\$8.4M
Total training days	25,846
• Technical training	20,572
• Development and soft skills training	5,274
Average training hours	41 hours
• Technical staff	44 hours
• Support staff	30 hours



Continuing Education Scheme

We believe in lifelong learning and support our employees to upgrade themselves. The Continuing Education Scheme provides sponsorships for employees to pursue higher educational qualifications. In FY2019/20, 18 executives, engineers, technicians and clerical staff are pursuing their education under the scheme.

Technician Progression Pathway

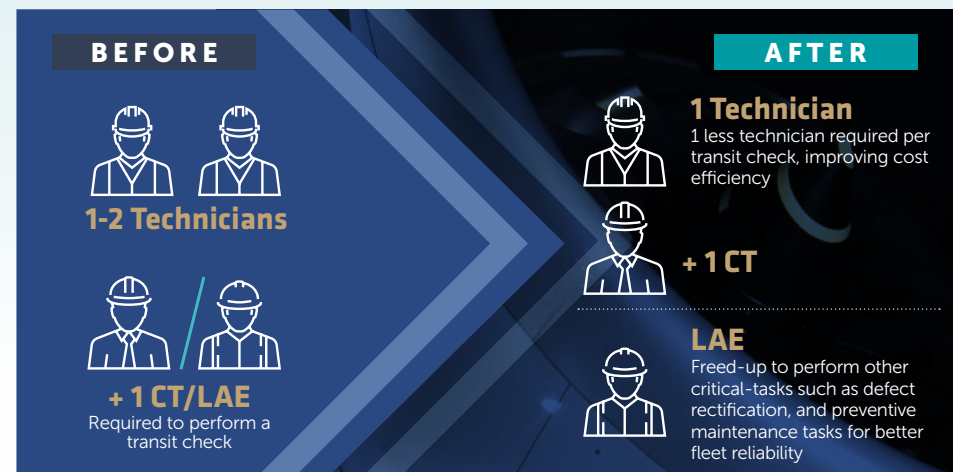
Our technicians are given the opportunity to undergo training to become certifying technicians (CTs) and upgrade themselves further to become licensed aircraft engineers (LAEs). This provides a good career progression pathway for our technicians, many of whom

remain with the Company for many years. By assigning CTs to perform routine aircraft transit checks, we can deploy the LAEs to perform other critical maintenance tasks such as defect trouble-shooting and rectification.

LAE-Executive Programme

Our promising LAEs are given opportunities to join a development programme which exposes them to different work experiences in areas such as sales, planning and overseas operations, and to prepare them for greater responsibilities as Operations Managers. With further development, these employees can look forward to becoming the future leaders in our operational divisions.

TRANSIT HANDLING





Company Training Committee

In September 2019, the Company signed a Memorandum of Agreement to form the Company Training Committee (CTC) with our unions. This is in support of the National Trades Union Congress's goal to form CTCs with at least 1,000 companies to provide workers

with training co-developed by unions, training providers and institutes of higher learning. The CTC provides a platform for the Company and unions to discuss matters relating to the training needs and programmes for our employees.



Signing of Memorandum of Agreement with the unions to form Company Training Committee

Training Academy

Our Training Academy is an approved Maintenance Training Organisation by the civil aviation authorities and is recognised by the Singapore Workforce Development Agency. It provides a robust curriculum of aerospace-related training programmes to meet the training needs of our employees, JVs and strategic customers/partners, and supports the growing demand for qualified and skilled technical personnel in the aviation industry.

The Academy has also been appointed by Workforce Singapore as the Programme Manager for the Aerospace Professional Conversion Programme. The placement programme aims to help professionals, managers, engineers and technicians (PMETs)

transition into new occupations by re-skilling them for new job roles in fleet planning, quality assurance, technical servicing, workshop engineering and cabin retrofitting works.

Our training programmes are developed by qualified and experienced instructors, and are delivered via various methods including classroom training, practical training and e-learning. The Academy utilises the latest training devices and courseware from Airbus and Boeing to upskill our licensed aircraft engineers and technicians, training them to service new-generation aircraft types. A recurrent training curriculum is in place to ensure that all our staff remain up to date in their knowledge and skills.





Inclusive Environment for All Staff

We strongly believe that an inclusive workplace culture provides the best environment for every employee to achieve his or her full potential, both personally and professionally. The Company embraces diversity and implements fair employment practices that reward our employees based on their abilities, performance, contribution and experience. Our labour practices comply with all applicable labour laws and regulations. These principles 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.



Diverse Workforce

We strive to be a good employer by promoting an environment where all employees are treated fairly and with respect, and in which they can realise their full potential.

On 17 October 2019, the Company held the Retirement and Long Service Awards Ceremony at the Marina Bay Sands to express appreciation to our long-serving staff for their loyalty and dedication. At the event, a total of 148 employees were honoured for their contributions to the Company.

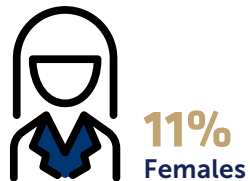
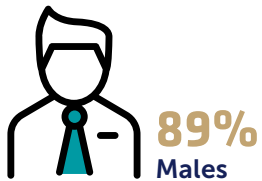


Awardees and Management taking a group photo at the Retirement and Long Service Awards Ceremony 2019



We believe in gender diversity and actively promote higher female representation within our workforce. We have achieved progress from initiatives aimed at increasing the number of female employees in jobs with lower female representation, with a 2% improvement compared to the previous year. We will continue our efforts to attract women to join the SIAEC family.

Breakdown of Employees by Gender

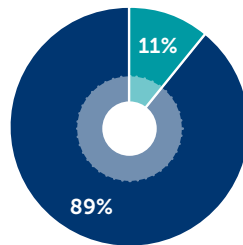


4,560

Total Staff Strength

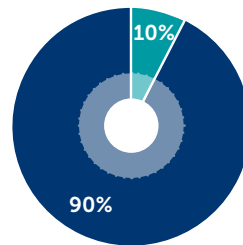
(as at 31 March 2020)

Permanent Employees by Gender



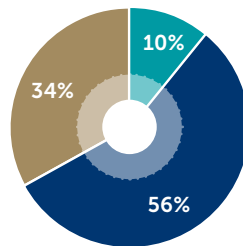
Female

Contract Employees by Gender



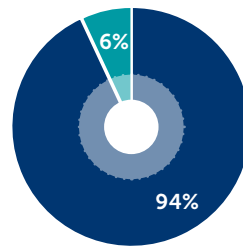
Male

Breakdown by Age Group



Age <30 Age 30-50 Age >50

Breakdown by Employment Type



Permanent Contract

Employee Turnover*

1) Employee Turnover by Gender

Gender	Total	%
Female	35	6.8
Male	83	2.1
Total	118	2.6

2) Employee Turnover by Age Group

Age Group	Total	%
Below 30	38	8.0
30 to 50	67	2.6
Above 50	13	0.8
Total	118	2.6

* Refers to resignation only

New Hires

1) Breakdown of New Hires by Gender

Gender	Total	%
Female	70	29.0
Male	171	71.0
Total	241	100.0

2) Breakdown of New Hires by Age Group

Age Group	Total	%
Below 30	152	63.1
30 to 50	87	36.1
Above 50	2	0.8
Total	241	100.0



Performance Review

We believe that recognising and valuing the good performance of our staff motivates them and contributes to our success. Regular performance reviews and dialogues between employees and their supervisors provide a forum for two-way feedback and to jointly set goals and expectations for the coming year.

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

Industrial Relations

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

91% of the Company's executive employees, engineers, technicians and general staff are covered by the Collective Agreements with our unions. Labour grievance mechanisms and notice periods to commence negotiations are detailed in all our Collective Agreements. All labour practices are strictly followed in accordance with the Employment Act and other employment-related laws.

We actively involve our unions in matters relating to our employees through regular union engagement activities and discussions. Regular meetings between the Management and unions are held to discuss workforce-related matters and to update our union partners on the Company's business outlook and initiatives.

Our Union Partners



Air Transport Executive Staff Union (AESU)

- Represents staff in the executive grades in the Company
- About 70% 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 95% of our engineers are members of SEEU



Singapore Airlines Staff Union (SIASU)

- Represents technicians and staff in the general grades in the Company
- About 93% of our technicians and clerical staff are members of SIASU





Staff Welfare and Well-Being

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

In light of the COVID-19 pandemic, we have taken prompt and appropriate measures that are aligned with the Ministry of Health's advisories to safeguard our employee's well-being, especially for the vulnerable staff (older, pregnant or with underlying medical conditions).

These include telecommuting for the majority of our support staff and reducing the number of operational staff onsite, regular communication on matters relating to COVID-19, temperature taking and health declarations, increased frequency of cleaning and provision of hand sanitisers at the common areas. For staff working onsite, team segregation, the use of appropriate personal protective equipment and other safe distancing measures are put in place to protect our employees.

Employee Health Benefits

The Company provides complimentary basic health screening for all staff annually. Our staff also enjoy subsidies from the Company for more comprehensive health check-ups every two years.

In line with the Singapore Government's call for employers to implement portable medical benefits for their employees, the Company implemented the Portable Medical Benefits Scheme (PMBS) so that staff do not lose the inpatient and hospitalisation benefits even if they leave the organisation or workforce. PMBS also promotes early entry into appropriate medical coverage plans and encourages individual ownership of well-being.

Occupational Health Monitoring

We conduct regular reviews and surveillance inspections of the work environment as part of our ongoing effort to improve workplace safety and health. We monitor the occupational health of our staff by conducting relevant medical examinations such as audiometry examinations.

Monthly Fruits Day

SIAEC promotes healthy food options through our monthly Fruits Day and providing vending machines that serve healthier food choices.



Distribution of fruits at the monthly Fruits Day

Sports & Recreation Committee

The Sports & Recreation Committee (SRC) was founded to promote, organise and co-ordinate sports, social and other recreational activities for employees of the Company. Sports and social events that cater to staff's interest, for example inter-divisional sports competitions and outdoor excursions, are organised regularly by the SRC as well as the SIA Group Sports Club.



Some of the activities organised by the Sports and Recreation Committee



Giving Back to Local Communities

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 FY2019/20 include the following:

Fun Run @ Bird Park 2019

On 16 November 2019, SIAEC held its annual charity run at the Jurong Bird Park. The event was attended by more than 2,100 staff and their families, including our JVs, partners and the SIA Group of companies. The event raised \$50,000 for the beneficiaries of our adopted charity, Food from the Heart.



Fun Run @ Bird Park 2019

Food Packing with Food from the Heart

Twice a month, volunteers from SIAEC head over to Marine Terrace and Balam Road self-collection centres to assist in the packing and distribution of food packs to needy residents. The partnership with Food from the Heart reaches out to 550 beneficiaries located in these two neighbourhoods.



Our volunteers packing food for needy households



Food Goodie Bags Programme

Every month, the Company sponsors household provisions consisting of food staples such as rice and cooking oil, to about 100 underprivileged families from two schools, Yu Neng Primary School and Changkat Primary School.

Hanoi Build Trip 2019

In partnership with international non-profit organisation Habitat for Humanity, the Company sent a team of 18 staff volunteers for an overseas building project in Hanoi, Vietnam in September 2019. The outreach project enabled volunteers to improve the living conditions of the less fortunate by helping in the construction of their houses.



SIAEC volunteers participated in house-building in Hanoi, Vietnam

Toy Buffet

On 8 November 2019, SIAEC participated in the annual flagship event by Food from the Heart held at the Nanyang Polytechnic. Around 3,500 children had the opportunity to visit the various booths and select their Christmas presents. The volunteers from SIAEC distributed more than 200 new and pre-loved toys collected from our staff.



Our volunteers at the Toy Buffet

Charity Exhibition

On the sideline of our half-yearly Business Meeting on 13 May 2019, we hosted a charity exhibition from TOUCH Community Services where art pieces by people with special needs were sold. The art exhibition also raised awareness on the creative abilities of people with special needs and their tenacity in overcoming learning difficulties.

Community Chest Awards 2019

SIAEC had received the Community Chest's Charity Bronze Award for the past three years. In 2019, we were honoured to be a recipient of the Community Chest's Charity Silver Award for the first time. The award is a testament to SIAEC's long-standing commitment to contribute to the society. Community Chest Singapore supports over 80 social service organisations and its Charity Awards are given to organisations and/or individuals who have made significant donations.





GRI CONTENT INDEX

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 None of our services are banned in the locations that we operate
102-3	Location of headquarters	About SIA Engineering Company
102-4	Location of operations	About SIA Engineering Company Reporting Scope and Boundary
102-5	Ownership and legal form	About SIA Engineering Company
102-6	Markets served	About SIA Engineering Company Investments in JVs
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	Engagement with Stakeholders - Suppliers
102-10	Significant changes to the organisation and its supply chain	Investments in JVs
102-11	Precautionary Principle or approach	Risk Management
102-12	External initiatives	Materiality Assessment Thrust 2: Safety Management System Environmental Policy and Management System
102-13	Membership of associations	About SIA Engineering Company
Strategy		
102-14	Statement from senior decision-maker	CEO's Message
Ethics and Integrity		
102-16	Values, principles, standards and norms of behaviour	Our Mission and Core Values Ensuring Transparency and Accountability
Governance		
102-18	Governance structure	Sustainability Governance Structure



GRI CONTENT INDEX (cont'd)

GRI Standards	Disclosure	Page Reference and Remarks
General Disclosures		
Stakeholder Engagement		
102-40	List of stakeholder groups	Our Stakeholders
102-41	Collective bargaining agreements	Industrial Relations
102-42	Identifying and selecting stakeholders	Materiality Assessment
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholders' Key Concerns
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	Electricity and carbon emissions intensity numbers for FY2018/19 were restated after the relevant figures had been finalised
102-49	Changes in reporting	No changes in reporting were made in FY2019/20
102-50	Reporting period	About this Report
102-51	Date of most recent report	The previous report was published together with the Annual Report FY2018/19
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Feedback
102-54	Claims of reporting in accordance with the GRI Standards	This material references the following Disclosures from GRI Standards 2016: • 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



GRI CONTENT INDEX (cont'd)

GRI Standards	Disclosure	Page Reference and Remarks
Material Topics		
Anti-Corruption/Bribery		
103-1 to -3	Management approach 2016	Ethics and Integrity Anti-Corruption/Bribery
205-3	Confirmed incidents of corruption and actions taken	Whistle-Blowing Programme
Energy		
103-1 to -3	Management approach 2016	Managing Energy Consumption
302-1	Energy consumption within the organisation	Managing Energy Consumption
Emissions		
103-1 to -3	Management approach 2016	Tackling Carbon Emissions
305-4	GHG emissions intensity	Tackling Carbon Emissions
Employment		
103-1 to -3	Management approach 2016	Inclusive Environment for All Staff
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 Managing Safety through Four Key Thrusts
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	Safety Performance
Training and Development		
103-1 to -3	Management approach 2016	Learning and Development Programmes
404-1	Average hours of training per year per employee	Learning and Development Programmes