

## CEO'S MESSAGE ON THE SUSTAINABILITY REPORT

### DEAR STAKEHOLDERS,

Today's world is complex and highly connected, with each society's issues causing ripples across business and social environments. The World Economic Forum Global Risks 2015 report highlights the interconnectedness of global trends and risks, many of which are environmental and social in nature.

As leaders of ST Engineering, we need to strengthen resilience against global risks for the Group and the wider community. To be a truly global company, we need to benchmark against global standards. Our strategies and risk management practices take into account sustainability issues. By setting targets for these issues and disclosing our performance, we reinforce our commitment to sustainability. While ST Engineering has been reporting on our sustainability initiatives since 2003, this year we are issuing our inaugural sustainability report prepared in accordance with the Global Reporting Initiative guidelines.

Our efforts are focused on "materiality" – a concept simple to understand, yet challenging to implement well in practice for a diverse group as ours. ST Engineering has four distinct businesses, while offering integrated services. The challenge is compounded given our presence in 46 cities across 24 countries.

While we speak of continuously shifting business conditions, we are clear how we want to respond – with innovation and creativity. ST Engineering was honoured to be the only company in Singapore to be listed in Forbes' 2014 list of The World's Most Innovative Companies. We are committed to develop our people for excellence, with a comprehensive training and

reward system. Our turnover rate for Singapore operations is 8%, significantly below the national industry average. In 2014, the average training hours per employee for our Singapore operations is 43 hours, with similar figures across gender and employee categories.

We are committed to transparency and integrity. We take a zero tolerance approach to all forms of corruption including fraud and bribery. Our systems of processes are regularly reviewed to safeguard against corruption. We recognise that no system can fully insulate us from being affected by poor judgment in decision-making, human error, fraud or other irregularities. This is why we take a serious view of any breaches of the ST Engineering Code of Business Conduct & Ethics.

In 2014, we embarked on initiatives to achieve greater safety reporting awareness within the workforce. This includes implementing the Behaviour-based Safety (BBS) programme across sectors. Our accident frequency rate and accident severity rates in our Singapore operations registered a slight increase as a result of greater reporting awareness, whilst remaining below national industry averages.

As a step to help achieve our greenhouse gas intensity target, we implemented energy management system ISO 50001 across our Singapore operations in 2014. We are pleased to be awarded the Best New Responding Company (for Hong Kong and South East Asia) award by Carbon Disclosure Project for the completeness, quality and transparency of our response to their survey.

We recognise our influence and risks along the supply chain. In our efforts towards sustainable

procurement, we intend to develop a strategy and a monitoring and audit framework, which will be progressively implemented across the Group from 2015.

We continue to develop a strategic focus in community engagement, supporting the underprivileged especially where we can contribute our engineering skill sets. To lend rigour to measuring our community efforts, this year, we have adopted the London Benchmarking Group reporting guidelines.

ST Engineering will continue to balance our efforts between optimising our current businesses and growing future opportunities, and achieving commercial success with sustainable business practices. Our core values serve as a compass for us to create enduring value for our stakeholders. We welcome you to find out more about our initiatives and performance.



**Tan Pheng Hock**  
President & CEO