ENSURING ETHICAL BUSINESS AND STRONG GOVERNANCE PRACTICES

ETHICS AND CORPORATE GOVERNANCE ARE ESSENTIAL TO OUR BUSINESS. WE ARE COMMITTED TO FOSTERING A CULTURE OF HONESTY AND INTEGRITY, WHICH ARE FUNDAMENTAL TO DEVELOPING STRONG EMPLOYEE MORALE. WE ARE ALSO STEADFAST IN OUR COMMITMENT TO BUILDING TRUST WITH OUR KEY STAKEHOLDERS, SUCH AS SHAREHOLDERS, SUPPLIERS, AND CUSTOMERS, THROUGH HONEST AND RESPONSIBLE ACTIONS.

ENSURING ETHICAL BUSINESS AND STRONG GOVERNANCE PRACTICES

CYBERSECURITY, DATA GOVERNANCE & PRIVACY	ASSET PROTECTION & SAFETY	BUSINESS INTEGRITY & GROWTH
Topic Message: Proactively perform maintenance of security processes and control measures to ensure compliance with local legislation and prevent data breaches	**Topic Message:** Ensuring safety measures are in place to safeguard assets within the organisation's responsibility	**Topic Message:** Maintaining ethical and compliant operations **Sub-Topics:** • Corporate governance • Regulatory & compliance, anti-corruption & anti-bribery • Risk management & transparency • Responsible supply chain & partnerships • R&D Technology Innovation

In this chapter:
GRI: 307-1, 308-1

CYBERSECURITY, DATA GOVERNANCE & PRIVACY

WHY THIS ISSUE IS MATERIAL

Working from home was the norm during the pandemic which has also accelerated the pace of digital transformation for organisations and businesses. It enabled businesses to achieve greater cost efficiencies and higher productivity and deliver better customer service. On the down side, it has also led to an increase in cyber threats, attacks, and online scams with companies falling prey and incurring significant losses. As such, measures must be put in place to safeguard against cybersecurity attacks and data breaches to protect the integrity of our information assets and maintain the trust that our stakeholder place in us.

HOW WE MANAGE THIS

Our Cybersecurity Steering Committee performs an annual review of our cyber security standards, policies, and guidelines to ensure that they remain relevant and are resilient in safeguarding our organisation from any external threats. The Committee also ensures that we comply strictly with the requirements of the Cybersecurity Act. For our employees, we introduce policies and initiatives to promote cybersecurity awareness in addition to the Cybersecurity Risk Management Framework that is in place.

ENSURING ETHICAL BUSINESS AND STRONG GOVERNANCE PRACTICES

We recognise that our employees have an essential role to play in cybersecurity in our networked economy. To promote awareness among them, training is key and is also a requirement under the "Cybersecurity Code of Practice for critical information infrastructure" (CCOP).

Our training sessions are conducted on an on-going basis and its curriculum developed in-house. Known as "Cybersecurity Awareness for Everyone" (CAFÉ), it aims to educate employees on cyber hygiene, cybersecurity laws, regulations, codes of practice, policies, standards and procedures pertaining to the usage, deployment, and access to the organisation's computing resources for both Information Technology (IT) and Operational Technology (OT).

Annually, we conduct a refresher CAFÉ training where its contents are reviewed and updated for currency and relevance. Biennially, we engage an independent external consultant to perform a cybersecurity audit of our Critical Information Infrastructure (CII) as directed by the Commissioner of Cybersecurity.

On a regular basis, cybersecurity threat intelligence advisory or alerts from LTA and Cyber Security Agency (CSA) are disseminated to our employees and precautionary measures are acted upon promptly.

As CII Owner (CIIO) of rail assets, we continue to review and strengthen our current cyber security processes and control measures to meet Cybersecurity Act requirements. This includes delinking the rail OT system from the IT network, annual risk assessment, vulnerability assessment and penetration testing, regulatory audits, business continuity exercises, 24x7 network and threat monitoring and other cyber security enhancements. We have instituted data leakage prevention through blocking USB ports for premises and cloud services, and improving end point device asset management and patch management on cloud solution.

To demonstrate accountable data protection practices, we are working towards attaining the Data Protection Trustmark Certification (DPTM). Towards this end, we have engaged a consultancy firm accredited by the Infocomm Media Development Authority to conduct a vulnerability assessment which is scheduled in April 2022. The outcome of the certification is expected by December 2022. Through attaining DPTM, we will be able to strengthen the trust that we have with our customers and stakeholders as our information security regime complies with privacy information management standards.

OUR PERFORMANCE

As a result of our security measures, there were no reports of any breach of data, cybersecurity or PDPA in 2021. There were also no report of non-compliance in the social economic aspect in 2021.

LOOKING FORWARD

We will continue to safeguard our data and maintain our cybersecurity measures.

ASSET PROTECTION & SAFETY

WHY THIS ISSUE IS MATERIAL

As a public transport operator, all our operating assets and its related infrastructure are owned by the LTA. Nevertheless, it is our responsibility to protect the premises we operate from and safeguard the operating assets used in our daily operations. This is on top of performing daily maintenance and servicing these assets to improve their reliability.

HOW WE MANAGE THIS

An Asset Management System Manual was developed in alignment with the requirements of ISO 55001:2014 Asset Management. The manual is reviewed and assessed annually to ensure that it is updated to comply with the latest certification requirements.

All our bus depots have been gazetted as Protected Places under the Infrastructure Protection Act (IPA) by the Ministry of Home Affairs in March 2021. As a Protected Place, only approved and authorised personnel are allowed entry. The depots are protected by a three-metre-high welded mesh fence along the boundary with barb wires at the top. This is complemented by a full coverage of a Closed-Circuit Television (CCTV) system along the fence perimeter.

Selected bus interchanges and terminals also deployed Video Analytics (VA) system which is activated during non-operational hours to detect intrusion. CCTV footage is live streamed to our Operation Control Centres (OCCs) so that immediate action can be taken in the event of an intrusion.

We conduct Threat Oriented Person Screening Integrated System (TOPSIS) training for all our employees on a regular basis to heighten their situational awareness in detecting suspicious characters and identify potential threats. We have also built a culture of *'See Something, Say Something'* to protect lives and assets.

ENSURING ETHICAL BUSINESS AND STRONG GOVERNANCE PRACTICES

With this initiative, our employees are trained to detect a suspicious person through tell-tale indicators, be alert to suspicious objects and be familiar with the reporting protocol of using the 3-R framework – Recognise, Report, Resolve.

To instil vigilance in our employees, contractors and tenants, we regularly conduct red teaming exercises at our premises and on board buses. These exercises include placing suspicious bags within our bus interchanges or impersonating a suspicious person attempting to enter a depot. Staff are expected to be able to identify and take appropriate action immediately. The exercise results are shared with employees, contractors and tenants for training purposes.

We also conduct scheduled internal security audits of our premises and assets to ensure that we comply with LTA's regulatory Code of Practice. An external security auditor also conducts security audits annually to ensure our compliance.

OUR PERFORMANCE
With the current strategies and initiatives in place, we are pleased to report that there were no breaches of asset protection and safety in 2021.

LOOKING FORWARD
We continue to uphold our security measures and will remain vigilant to ensure that our premises and operating assets are protected.

BUSINESS INTEGRITY & GROWTH
To remain competitive and relevant, business integrity and growth are core components for any business. With integrity, we build trust and loyalty with our stakeholders especially our customers, suppliers and regulators. In addition, it gives our company a competitive advantage when bidding for tenders and projects.

CORPORATE GOVERNANCE

WHY THIS ISSUE IS MATERIAL
Corporate governance is an important aspect, and a fundamental measure of a company's success is in creating long-term shareholder value. A robust and effective corporate governance will enable our management to make decisions that are in the best interest of our company and our stakeholders. We are committed to the Code of Corporate Governance issued by the Monetary Authority of Singapore dated 6 August 2018 (the Code). We adhere and ensure that the Code is upheld throughout our organisation.
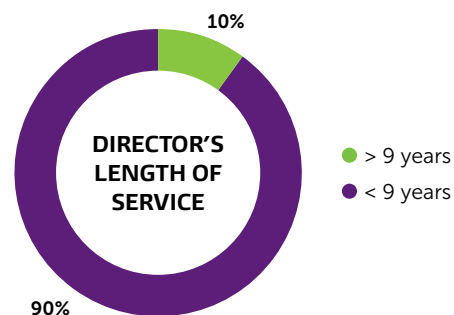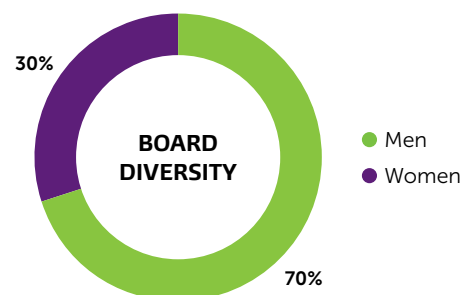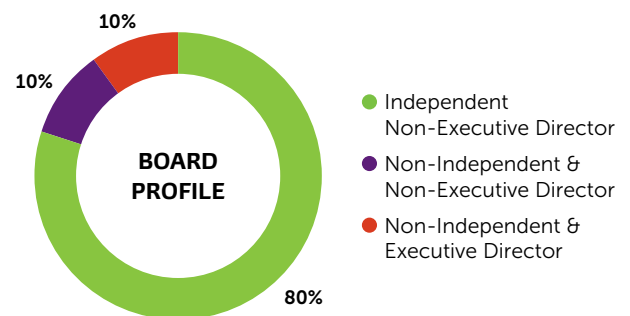
HOW WE MANAGE THIS
The Board of Directors (the Board) has a duty to protect and enhance the long-term value of the Company and achieve sustainable growth for the Group. The Board sets the overall strategic direction of the Company and oversees the proper conduct of the business, performance, and affairs of the Group. Board members are expected to act in good faith and exercise independent judgement in the best interest of the Company.

As of 31 December 2021, the Board comprises 10 Directors, 80% of whom are independent Directors. This exceeds the requirements under SGX's Listing Rules and MAS's Code. When appointing Directors, the Company seeks individuals who have integrity, expertise, business acumen, shareholder orientation and a genuine interest in the Group. Please refer to our Annual Report for more details on corporate governance.

OUR PERFORMANCE

BOARD PROFILE

- 10%
- 10%
- 80%

● Independent Non-Executive Director
● Non-Independent & Non-Executive Director
● Non-Independent & Executive Director

BOARD DIVERSITY

- 30%
- 70%

● Men
● Women

DIRECTOR'S LENGTH OF SERVICE

- 10%
- 90%

● > 9 years
● < 9 years

LOOKING FORWARD
We acknowledge that the nature of our business is mainly dominated by male employees. However, we will continue to encourage and provide equal employment opportunities to our female colleagues.

ENSURING ETHICAL BUSINESS AND STRONG GOVERNANCE PRACTICES

REGULATORY & COMPLIANCE, ANTI-CORRUPTION & ANTI-BRIBERY

WHY THIS ISSUE IS MATERIAL
As a major public transport provider, we operate in a heavily regulated industry. Compliance with laws and regulations is critical to the success of our business. As such, we do not condone any corrupt or fraudulent practices.

HOW WE MANAGE THIS
We have adopted a Code of Business Conduct which sets out the principles and policies that all employees and third parties acting on behalf of the company must follow. Our Code of Business Conduct includes anti-corruption and anti-bribery policies with zero tolerance on fraud, improper use of monetary favours, gifts or entertainment. In addition, employees should avoid placing themselves in a situation where their actions might create a conflict, whether it is actual, potential, or perceived. If there is a potential conflict of interest, employees should declare to their immediate supervisors and recuse themselves from the decision-making process.

Additionally, our Whistleblowing Policy provides an avenue for employees to raise concerns about possible improprieties in financial reporting or other improper business conduct, through well-defined and accessible confidential disclosure channels. Employees are provided with a Company Handbook detailing how they can go about raising their concerns. Incidents can also be reported via a direct Intranet link to the Chairperson of the Audit and Risk Committee and/or the ComfortDelGro Group Chief Internal Audit Officer. All cases are investigated and dealt with promptly and thoroughly. Regardless of their significance, all whistleblowing cases will be registered by the Group Chief Internal Audit Officer and reported to the Audit and Risk Committee on a quarterly basis.

For further information on our Whistleblowing Policy, please refer to https://www.sbstransit.com.sg/whistleblowing-policy.

OUR PERFORMANCE AND LOOKING FORWARD

TARGET	2021 ACHIEVEMENTS
• Zero cases of corruption and fraud	• No confirmed incidents of corruption and fraud

We are pleased to report that there were no confirmed cases of non-compliance in relation to anti-corruption and anti-bribery matters in 2021.

LOOKING FORWARD
We will continue to abide by the regulatory requirements and anti-corruption and anti-bribery acts.

RISK MANAGEMENT & TRANSPARENCY

WHY THIS ISSUE IS MATERIAL
As our business continues to grow, risk management becomes increasingly vital in our business strategies. Early identification and analysis of potential threats will mitigate and reduce uncertainties. This will allow us to enhance shareholder value through growth that is sustainable and profitable.

HOW WE MANAGE THIS
The Company's approach to risk management is underpinned by several key principles:
- Promote and inculcate risk awareness among all our employees by embedding risk management processes into day-to-day business operations and setting an appropriate tone at the top. Continuous education, and training, as well as regular exercises on risk management are carried out to sustain a risk-informed and risk-aware culture in the Company.
- Ownership of and accountability for the risk management process is clearly defined and assigned to the risk owners. Managers at each level have intimate knowledge of their businesses and take ownership of risk management, with stewardship retained at Senior Management level.
- Risk identification, assessment and risk management practices are reviewed and updated regularly to manage risks proactively.

As part of the risk management process, all businesses are required to refresh their risk inventories, conduct risk prioritisation exercises, identify key and emerging risks, and develop the requisite risk controls and risk treatment action plans. The identified risks, their indicators and action plans are to be continually reviewed and reported. In 2021, SBST continued to engage an external consultant to strengthen its risk management framework.

On a regular basis, the Internal and External Auditors conduct reviews in accordance with their audit plans. Any material non-compliance and recommendations for improvements on internal controls are reported to the Audit Risk Committee (ARC). The ARC also reviews the effectiveness of the actions taken by Management on the recommendations made by the Internal and

ENSURING ETHICAL BUSINESS AND STRONG GOVERNANCE PRACTICES

External Auditors. The recommendations are followed up as part of SBST's continuous review of the system of internal control.

Please refer to our Annual Report for more details on risk management.

OUR PERFORMANCE

In the Singapore Governance and Transparency Index 2021 which assessed listed companies on corporate governance disclosures and practices, as well as timeliness, accessibility and transparency of their financial results announcements, SBST continued to perform well by improving its score from 107 to 106 to be ranked in the 14th spot from its previous 17th position. This placed us in the top 3% among the 519 listed companies in 2021.

Singapore Governance and Transparency Index Survey 2021

CORPORATE GOVERNANCE DISCLOSURES AND PRACTICES	2020	2021
Score	107	106
Rank	17	14
Position (among 519 listed companies)	-	Top 3%

LOOKING FORWARD

We will continue to review and report on identified risks, their indicators and actions plans to maintain a strong and efficient risk management framework.

RESPONSIBLE SUPPLY CHAIN & PARTNERSHIPS

WHY THIS ISSUE IS MATERIAL

The supply chain is a fundamental aspect of every business. We recognise the importance of ensuring that our supply chains partners are transparent, reputable and meet the standards required by the regulators.

HOW WE MANAGE THIS

SBST requires all of its goods and services suppliers to be in full compliance with all applicable laws and regulations and practise fair competition in accordance with local anti-trust and competition regulations. Suppliers must conduct their businesses with integrity, transparency and honesty and must not condone any corrupt or fraudulent practices.

Approved suppliers must have health and safety policies for their employees and be committed to good ESG practices. Suppliers must not trade in any securities of the Group while in possession of confidential non-public information.

For supply chain transparency, all rail and bus maintenance contracts require suppliers to submit their safety records and financial statements. It is also compulsory for all our suppliers to adhere to our Supplier Ethics Policies before submitting their tenders.

OUR PERFORMANCE

In 2021, SBST engaged a total of 962 suppliers, of whom 229 were new. All new suppliers were onboarded through our procurement system which requires them to declare their compliance to the Supplier Code of Conduct. Through the system, we also share our expectations of them on their compliance with laws and regulations, fair practices, ethical conduct, social responsibility, and environmental sustainability. Only suppliers who comply with our policy are engaged.

For more information, refer to Annex A.

LOOKING FORWARD

At SBST, we are committed to remain compliant to our Group's procurement policies to encourage transparency and enhance business opportunities.

R&D, TECHNOLOGY, AND INNOVATION

WHY THIS ISSUE IS MATERIAL

To improve public transport efficiency and introduce greener modes of transportation, we must tap on research and development, technology, and innovation to meet the growing and evolving needs of our customers. To deliver a seamless and integrated transportation system, we need to move away from the traditional diesel buses to keep up with emerging technologies of the industry so that we can continue to stay relevant and competitive.

HOW WE MANAGE THIS

We have been actively changing the way we operate by digitalising our operations and maintenance, moving away from the manual processes. This has raised productivity and improved existing systems and processes. It has also transformed the way we communicate with our employees, measure and improve performance, and monitor and manage information.

# ENSURING ETHICAL BUSINESS AND STRONG GOVERNANCE PRACTICES

OUR PERFORMANCE AND LOOKING FORWARD

AN AGILE AND CONNECTED WORKFORCE

In 2021, we accelerated the adoption of digital technologies so that our BCs are able to experience greater convenience in handling administrative functions. With the updated Service Control System 4.0, they are now able to report at their work place, the completion of their bus trips as well as apply for leave or swop duties with other BCs without having to be physically present at the reporting terminals to do so. With this system, we have moved away from paper filing and reduced wastage, as well as boosted productivity by automating manual administrative and time-consuming processes.

On the staff mobile app, iLink@SBST, the "Dr Rail" feature was extended to include the Downtown Line and the Sengkang Punggol Light Rail Transit in 2021. This was following its successful implementation for the North East Line where employees are able to report faults occurring on the line and given timely updates on the progress of the rectification works. Other digital enhancements include modules for employees to raise safety and security observations, as well as retrieve work procedures, instructions, and other documents.

We are also constantly looking at ways to provide better service to our customers and enhance our internal procedures to stay relevant. Currently, the DigiSafe Accident Investigation Management System, which is at the development phase, is set to replace the current Traffic Accident Investigation Management System. Designed with a Document Management and Workflow Platform, it will enable our Investigation Officers to file their investigation reports directly at the accident site. This seamless end-to-end workflow not only offers various stakeholders convenient access to review and approve the reports but also provides the necessary data and documents for claims management and reporting.
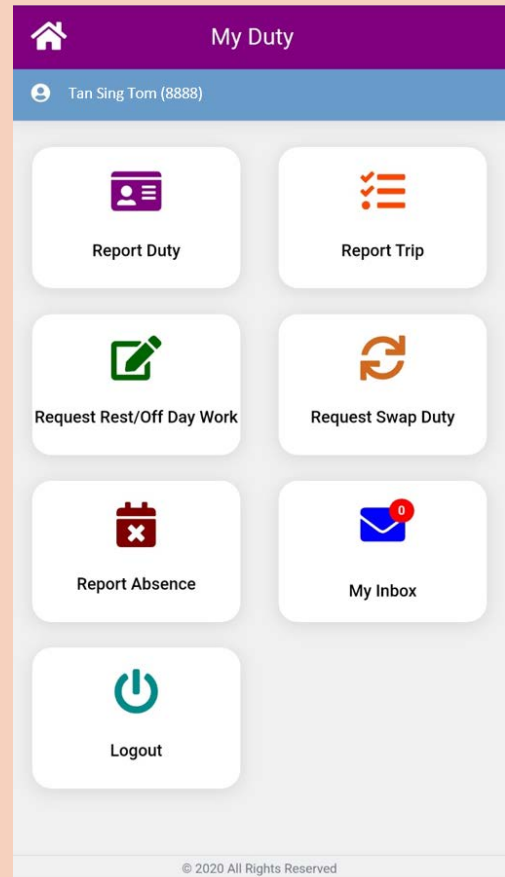
EMPLOYING ANALYTICS

Enhanced accessibility to data analytic tools has given us opportunities to use data to drive improvements and transparency. The use of data analytics empowers us to optimise our operations, improve efficiency and productivity.

Our Rail Development team is collaborating with ComfortDelGro's Digital Office to apply data analytics on train alarms to highlight anomalies for timely interventions. We have also collaborated with Thales of France to develop a video analytics solution that leverages existing CCTV networks to provide real-time data on passenger density at the MRT stations. The solution alerts staff to unexpected crowding so that prompt action can be taken for passenger safety and comfort. It has since been extended to include the detection of suspicious persons, unattended luggage, passengers who need mobility assistance and even unmasked passengers. The solution, which was tested at the North East Line's (NEL) Woodleigh Station, will be deployed to five NEL stations – Chinatown, Dhoby Ghaut, Little India, Outram Park and Serangoon – in 2022 when the contractual terms for its use is finalised.

ENSURING ETHICAL BUSINESS AND
STRONG GOVERNANCE PRACTICES

AUTONOMOUS VEHICLES (AV)

We operated a commercial on-demand shuttle bus service using autonomous buses (AV) on Jurong Island for three months until end April 2021. This was an initiative under the national Emerging Stronger Taskforce to promote and accelerate sustainable deployment of robotics in Singapore.

A Bus Operations Control Centre was also involved in ensuring the safe and timely deployment of the AVs as they operated passenger service on Jurong Island. The route covered 10 stops, serving key areas within the island. Signages detailing step-by-step guides on how to engage the AV service were placed along the route. Passengers could request for a pick up at any of the 10 stops using a dedicated mobile application. A total of 206 passengers were served during the trial period and this experience helped build our expertise in AV operations, equipping us in the steps to take forward in future proofing our workforce.

USING ARTIFICIAL INTELLIGENCE (AI) IN OPERATION AND MAINTENANCE (O&M)

Data analytics and AI are becoming increasingly accessible. Hence, it is now possible to tap on stochastic algorithms that can automatically monitor the condition of equipment, as well as aid in employees' decision-making. The use of algorithms enables predictive maintenance, helps optimise resource deployment and improves response time. We expect that such algorithms can enhance maintenance processes to improve productivity and quality of work.

We are currently looking to implement the following:

UPCOMING SYSTEMS	BENEFITS
Anomaly detection for Rolling Stock and Signalling systems	Applies data analytics and AI on Rolling Stock and Signalling systems data to pre-empt failures of critical systems.
Automated Data Analytics for Predictive Maintenance	Increases operational productivity by scheduling maintenance only when necessary.
BEAMS (Bus Enterprise Asset Management System)	Provide an integrated and automated management of various processes on a single cloud platform for higher efficiency. It encompasses areas such as maintenance, material, asset, contracts, warranty, and campaigns.