

GOVERNANCE

OUR PERFORMANCE

We continued to be ranked sixth in the Singapore Governance and Transparency Index, the leading index for assessing corporate governance practices of Singapore-listed companies.

In 2018, we undertook a suite of improvement initiatives following a group-wide bribery and corruption risk assessment in 2017. We enhanced our Code of Conduct (CoC) and Anti-bribery and Corruption Policy to strengthen employees' understanding of their obligations and foster accountability and ownership of our ethical commitments. Extensive training and awareness programmes were conducted globally, including face to face training, train-the-trainers programme, a CoC video and monthly key compliance message communications. We conducted face to face training in our operations in Singapore, China, India, Bangladesh and Myanmar. For the remaining regions, training was conducted via video conference and train-the-trainers programme. In 2018, 96% of employees underwent training in the enhanced CoC through various platforms, and over 99% of employees have acknowledged their compliance with the CoC. We also launched our whistle-blowing portal. The portal is available in the Whistle-blowing Policy document on our website. It has a pre-defined set of questions to guide whistle-blowers in providing the required information / documents in reporting their concerns and also to allow the investigation team to maintain communication.

In 2018, our operations in Chile paid significant* fines totalling S\$421,000. Two fines for incidents in 2016 and 2018 were for non-compliance with environmental regulations totalling S\$362,000. They pertained to odour issues and the discharge of sewage to the ocean, stemming from failures in sewage lifting stations. Remedial actions have been taken, including enhancing the electrical system of the lifting stations and level metering system to better manage sewage water discharge, and building a new sludge thickener and dewatering plant with bio-filter system for odour control. The other fine of S\$59,000 was for a delay in constructing a well in a timely manner as committed to under a Regulatory Development Plan in 2014. The well was completed thereafter and has been in operation since 2015.

In 2018, we embarked on transitioning from the GAF to an IAF to put greater emphasis on the three LOD model. Through the IAF structure, the respective LODs work closely to ensure that key financial, operational, compliance and IT risks are reviewed and tested using a robust assurance process. The IAF is expected to be implemented for all key markets by end 2019. The Audit Committee, supported by the Risk Committee, oversees the IAF and its implementation.

Our ongoing efforts to build in-house capabilities, readiness and resilience in crisis and emergency response situations require us to regularly conduct and participate in crisis simulation exercises and awareness training. While we recognise the importance of effective crisis response procedures and proactive stakeholder engagement to manage a crisis, we see the importance of helping affected employees cope with the psychological and emotional impacts, so that they can recover faster from an incident. We have developed a Business Psychological Resilience programme which complements the existing Group Crisis Management Framework and enhances Sembcorp's resilience in crisis and emergency response situations.

* A significant fine refers to a monetary sanction equal to or above S\$50,000 that was paid during the financial year

ALL GOVERNANCE INDICATORS

Material Issue – Ethical Business Practices

GRI 205-1 Economic: Anti-corruption

Operations assessed for risks related to corruption

100% of our operations were assessed for fraud risks which included bribery and corruption.

GRI 206-1 Economic: Anti-competitive Behaviour

Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

No legal actions for anti-competitive behaviour, anti-trust and monopoly practices during reporting period.

GRI 307-1 Environmental: Environmental Compliance

Non-compliance with environmental laws and regulations.

We incurred two significant* fines in Chile related to environmental non-compliance amounting to S\$362,000. They pertained to odour issues and the discharge of sewage to the ocean, stemming from failures in sewage lifting stations.

GRI 415-1 Social: Public Policy

Political contributions

Our Code of Conduct states that we are politically neutral and we do not contribute funds or non-monetary support, including lobbying, to any political party, politician, elected official, or candidate for public office in any country or jurisdiction.

GRI 419-1 Social: Socioeconomic Compliance

Non-compliance with laws and regulations in social and economic area

We incurred one significant* fine in Chile amounting to S\$59,000 for a delay in constructing a well in a timely manner.

* A significant fine refers to a monetary sanction equal or above S\$50,000 that has been paid during the financial year