

## **GROWING OUR BUSINESS WITH STRONG GOVERNANCE, ETHICAL INTEGRITY AND INNOVATION**

**AT COMFORTDELGRO, WE VIEW OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS AS INTERCONNECTED COMPONENTS, WHERE ONE CANNOT THRIVE WITHOUT THE SUCCESS OF THE OTHERS. WE STRIVE TO ACHIEVE LONG-TERM, SUSTAINABLE ECONOMIC GROWTH BY CONDUCTING BUSINESS RESPONSIBLY, AND WITH CAREFUL CONSIDERATIONS OF THE IMPACT TO THE ENVIRONMENT AND SOCIETY.**

**WITH THE AVAILABILITY AND ADOPTION OF INNOVATIVE CLIMATE-FRIENDLY TECHNOLOGIES, WE RECOGNISE THE OPPORTUNITIES THAT ARE CRITICAL IN DRIVING THE TRANSFORMATION OF OUR MOBILITY INFRASTRUCTURE. THIS CAN STRENGTHEN OUR GROWTH, ENABLING COMFORTDELGRO TO STEP UP AND BE AT THE FOREFRONT OF SUSTAINABLE TRANSPORT SOLUTIONS.**

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**AUDITING IN TIMES OF  
THE PANDEMIC**



**WHEN COVID-19 HAPPENED,  
I PERSONALLY HAD TO COPE WITH  
A CERTAIN LEVEL OF ANXIETY  
RESULTING FROM ECONOMIC  
UNCERTAINTY, JOB DISRUPTION  
AND FEAR OF BEING INFECTED.**



### **JENSEN LAW**

SENIOR MANAGER OF GROUP  
INTERNAL AUDIT

In the past, Group Internal Audit (IA) team members were required to travel once every quarter to conduct audit checks overseas. When COVID-19 pandemic hits, the IA team had to stay home whilst continuing their audit work to satisfy the audit objectives. It was challenging in the beginning to coordinate these virtual audits. However, as they learned from their experience, they were soon able to perform system walkthroughs effectively through screenshots with auditees. With cloud technology, audit evidence, samples and data requested can be accessed remotely from anywhere. The time saved on commuting actually enabled Group IA to spend more time performing detailed trend analysis and anomaly detection using visualisation tools data analytics tool.

The reduced physical interaction with their teammates and colleagues had also taken a toll on their emotional well-being. As they continued with prolonged work-from-home directive, Linda shared that she would at times work from the park. **"As I've always been an outdoorsy person, being close to nature helped in regulating my stress responses more effectively and enabled me to focus better,"** said Linda Ng, Internal Auditor.

Despite the disruption brought on by COVID-19, digitalisation transformation accelerated and allowed ComfortDelGro to access new technologies to increase our productivity. We continue to place strong emphasis on corporate governance and enforce controls through virtual audits during the pandemic.



## GROWING OUR BUSINESS WITH STRONG GOVERNANCE, ETHICAL INTEGRITY AND INNOVATION



### ETHICAL BUSINESS AND OPERATIONAL INTEGRITY

Maintaining ethical, transparent and compliant operations with zero tolerance for bribery, corruption and anti-competitive behaviour

#### WHY THIS MATTERS TO US

Ethical business practices and operational integrity are integral pillars of our corporate identity. We believe that good governance is essential to create and preserve value for all stakeholders. With operations that span across seven countries, it is critical for all of ComfortDelGro's businesses, entities as well as its employees, suppliers, agents and representatives to be in full compliance with local laws and regulations.

Businesses face high ethical and business risks including legal and reputational risks, potential financial costs and erosion of internal trust when they fail to effectively combat corruption in all its forms. As such, not only do we strive to avoid bribery, extortion and other forms of corruption, ComfortDelGro is working proactively to address corruption within our supply chains.

#### HOW WE MANAGE THIS

ComfortDelGro conducts our business with integrity and transparency. It is our commitment to:

- Conduct our affairs in a manner consistent with the highest ethical and professional standards
- Engage in fair and honest business practices
- Show respect for each other, our customers, business partners, suppliers, shareholders, the authorities, and the communities we operate in
- Communicate in a factual, honest, and prompt manner
- Be open and transparent in our dealings

ComfortDelGro does not condone any form of corrupt practices such as bribery, extortion or embezzlement. We do not condone any fraudulent practices including intentional deception or misappropriation of resources.

Strong policies and processes are in place to ensure impartiality and regular internal audits are conducted on our practices and processes to ensure the highest levels of integrity are maintained.

Our employees receive education on corruption risks and are prohibited from accepting payments, gifts or other kinds of reimbursement from a third-party that could affect or appear to affect their objectivity in business decisions.

Our ethics and integrity policies are extended to our partners and suppliers. We require all suppliers to accept and operate within the principles as detailed in our Supplier Code of Conduct (see Annex A) and to be in full compliance with all applicable laws and regulations.

All representatives of ComfortDelGro are prohibited from extending or accepting any rewards or benefits to customers, potential customers, suppliers, consultants, governments, agencies of governments or any representative of such entities in order to obtain or retain business or to gain any other improper advantage.

## GROWING OUR BUSINESS WITH STRONG GOVERNANCE, ETHICAL INTEGRITY AND INNOVATION

All ComfortDelGro representatives and officers responsible for administering and approving contracts, in which they or close relatives have significant interests, are required to disclose, declare and recuse themselves from the handling of these contracts. All staff in our procurement team undergo an annual declaration on conflicts of interest and are required to attend a workshop on "Procurement Fraud Prevention and Detection" within their first two years of service.

ComfortDelGro has established an Alert Line in accordance with the principles as stated in our Whistleblowing Policy. This Alert Line reports to the Chairperson of the ComfortDelGro Audit and Risk Committee and the Group Chief Internal Audit Officer. All whistleblowing reports undergo thorough investigation, fairly and independently, with swift and accurate closure.

The Audit and Risk Committee has the remit to ensure that ComfortDelGro complies with all emulations and listing rules, and that risk management measures and internal controls are adequate and effective. We have implemented an Enterprise Risk Management (ERM) framework. Further details on our corporate governance and ERM framework can be found in our Annual Report 2021 pages 63-83 and 88-93 respectively.

### OUR PERFORMANCE AND LOOKING FORWARD

ComfortDelGro reported one fraud incident this year. The service staff was charged under the "Criminal Breach of Trust" and since, we have put in place measures to prevent similar incidents from occurring. We will strive to improve our performance in future.

In 2021, there were zero cases of bribery and anti-competitive behaviour. This is the third year we have maintained our track record.

ComfortDelGro will continue to uphold the highest standards of ethics and integrity and will consistently aim for zero cases of corruption, bribery and anti-competitive behaviour.



### CYBERSECURITY, DATA PRIVACY AND INNOVATION

**Upholding protective processes and compliance with local legislation to prevent data & cyber breaches, and adopting innovative technologies**

#### WHY THIS MATTERS TO US

Globally, digitalisation and technological adoption has been changing the way we operate our business. With the pandemic accelerating the digital transformation, there has also been a rise in scams, malware attacks, data and cyber breaches. As this trend continues, it is an absolute must that our safeguards, data protection processes and cybersecurity defences are kept up to speed to safeguard the interests of our customers, employees and partners.

In addition, ComfortDelGro is constantly studying new and innovative technologies to enhance our operations and offerings. Where feasible, we will pilot these solutions with potential clients in the locations where we operate. This enables us to assess the performance of the innovative technologies and roll them out in a strategic manner, enabling the maximum benefits to be captured.

#### HOW WE MANAGE THIS

ComfortDelGro strictly comply with all data protection and cybersecurity regulations in our respective locations of operation.

## GROWING OUR BUSINESS WITH STRONG GOVERNANCE, ETHICAL INTEGRITY AND INNOVATION

To increase the security and integrity of our online systems, ComfortDelGro has instilled processes to increase our understanding of attack vectors and associated mitigating behaviours in the events of cyber-attacks. We have established a number of procedures, processes and initiatives to equip our company and employees with the competencies to effectively deal with incidences such as data breaches.

Our Cyber Security Awareness Training, conducted via e-learning platforms, aims to instil awareness amongst employees and raise alertness to the latest information security policies, procedures and risks. This training is mandatory for all employees. This training also aims to prepare and effectively equip all employees with the capabilities, techniques and methods that are critical in the effective mitigation of security risks.

As all of our business operations rely heavily on Information Technology (IT), this is a key risk for ComfortDelGro. We have ensured that our IT security management framework follows industry standards. This aids in mitigating any disruption of the business, loss of data or security breaches of our IT systems. In addition, ComfortDelGro has also established various control and data recovery measures to mitigate these risks. These measures include, but are not limited to, the use of intrusion prevention systems, multi-level firewalls, server protection, software code hardening and data loss prevention controls to manage internet and cyber security threats.

The regular undertaking of penetration test and audits on the integrity of our systems help to identify potential vulnerabilities, allowing us to strengthen the security of our systems and to ensure the highest standards of protection are maintained.

As our operations deal with public patrons, ComfortDelGro has developed its Personal Data Protection Policy, that complies with Singapore's Personal Data Protection Act (PDPA). Going beyond this, ComfortDelGro has also established a Data Breach Management Plan, as a swift and thorough response in the event of data and security breaches. To deter potential cyber-attacks, we ensure encryption of sensitive personal information to minimise the risks of personal data leakage. ComfortDelGro's Personal Data Protection Policy will be reviewed every two years or whenever there are amendments to Singapore's PDPA. Relevant stakeholders will receive updates about any changes to the Policy. ComfortDelGro also undertakes compliance audits on a regular basis to ensure adherence to the Group's Personal Data Protection Policies.

A Data Protection Work Group was established to ensure compliance with the Group's PDPA Policies consisting of appointed Data Protection Officers across our Business Units. Business Units are also encouraged to obtain the Data Protection Trust Mark (DPTM) certification to ensure conformance to PDPA best practices. To date, ComfortDelGro Engineering, JIC Inspection Services, Setsco Services and VICOM Inspection Centre have obtained the DPTM certification. Multiple business units in Singapore have also begun their DPTM consultancy and will target for assessment in 2022.

### OUR PERFORMANCE AND LOOKING FORWARD

ComfortDelGro will continue to strengthen and uphold our IT, data and cyber security measures and will consistently aim for zero breaches. We will also continue to embrace innovation in our operations and offerings.

### CDG-NUS SMART AND SUSTAINABLE MOBILITY LIVING LAB

In March 2021, ComfortDelGro committed to investing about S\$50 million in a mobility-focused CDG-NUS Smart & Sustainable Mobility Living Lab that will focus on Energy Sustainability, Integrated Urban Mobility as well as Smart and Intelligent Mobility Technologies. It will research, test and analyse mobility technologies to generate insights that could later be implemented in solutions for the mass market.



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### SUPPLY CHAIN MANAGEMENT

#### Integrating environmental and social screening criteria into our supply chain practices

#### WHY THIS MATTERS TO US

COVID-19 has exposed the fragility of traditional, long supply chains with lockdowns causing severe disruptions to business operations and delays to shipments. With increasing risk and scrutiny of the environmental and social impacts of global supply chains, it is critical to increase the transparency and oversight of ComfortDelGro's supply chains. This will pave the way for the transition to a more sustainable and resilient supply chains. We grasp the importance of maintaining a strong and ethical supply chain. Additionally, awareness of our supply chain and its impact can help us to mitigate our Scope 3 emissions and other ESG impacts. As an international organisation, establishing strong relationships and working ethics with our suppliers are essential to our operations and would allow us to garner the best out of our supply chain.

#### HOW WE MANAGE THIS

We work closely with our suppliers to maintain high standards of operations, and to improve business performance, cost efficiency, customer satisfaction, while at the same time enhancing positive relationships with our suppliers. We uphold fairness, respect, openness, transparency in our dealing with our suppliers and we keep our end of the bargain.

Our suppliers are selected using a multi-criteria weighted matrix, with each criterion assigned a weightage according to its relative importance. The criteria used include:

- The supplier's technical capabilities
- Service quality
- Supply assurance
- Environmental responsibility
- Safety records
- Financial stability
- Cost competitiveness

Following supplier selection, onboarding is the next step towards supplier management. To this end, in 2021, we have focused on collecting supplier's information and assess supplier's compliance and risks to mitigate supply chain risks in the areas of Fraud and Corruption, Supply, Legal, Price, Environmental, and Health and Safety. The assessment

includes supplier's declaration of conflict of interest, non-compliance on environment, health and safety, verification of various pertinent ISO certifications status and compliance with our Supplier Code of Conduct. The Supplier Code of Conduct outlines our expectations on compliance with law and regulations, fair practice, ethical conduct, social and environmental sustainability. We refrain from working with suppliers who do not comply with our Policy. Read more about our Supplier Code of Conduct in Annex A.

We conduct Supplier Performance Management exercises regularly to assess our suppliers' performance against market norms and the expectations agreed upon in our contracts. Key suppliers are appraised on their cost management, safety and service standards. These contribute to our risk mitigation efforts, allowing us to accurately uncover the root causes of potential problems and resolve them as quickly as possible. Moving forward, we plan to further integrate ESG criteria into the supplier performance scoring system.

Since 2020, we implemented a new procurement software, ComPASS (ComfortDelGro Procurement, Analytics, Sourcing and Supplier). As of January 2022, more than 95% of the transaction volume in Singapore is through ComPASS. The electronic spend management system drives end-to-end procurement processes, which cover supplier onboarding, sourcing, contract management, procure-to-pay and spend analysis functions. ComPASS has enabled a more robust supplier governance, and helped us work more closely with suppliers to improve processes and ensure compliance with environmental and safety regulations. To-date, over 71,967 orders and 71,488 invoices have been processed electronically, reducing paper wastage.

As part of our continuous digitalisation efforts, we have rolled out a procurement tender portal in November 2021. The tender portal enables suppliers to explore procurement opportunities with us and register their interest online. Not only does this portal improve efficiencies and eliminates unnecessary paperwork, it also maximises participation and provides flexibility and convenience for suppliers to register anytime, anywhere.

#### OUR PERFORMANCE AND LOOKING FORWARD

The bulk of our purchases consists of energy and direct material and services for the operation and maintenance of our fleets. In 2021, we have long-term contracts of more than three years with 506 suppliers. This demonstrates our commitment to build long term relationships with our suppliers. About 87% of the contracts by value were established through competitive sourcing exercises, including 67% through public tenders. The rest of the contracts were established with suppliers who are sole source, or incumbents with whom we leveraged existing contract volumes.

In 2021, no supplier incident of social and environmental non-compliance occurred on ComfortDelGro's premises, or was linked to ComfortDelGro's operations. ComfortDelGro continues to integrate more stringent ESG considerations into our supplier engagement and performance systems, and reserves the rights to terminate any suppliers found to be in violation of regulations. More details are in our Supplier's Code of Conduct.

We are committed to upholding the highest level of integrity within our supply chain.