

APPROACH TO SUSTAINABILITY



Sustainability and social responsibility are central to Sembcorp Marine's corporate ethos. The Group is committed to upholding business integrity, mitigating its environmental impacts and furthering social growth to create shared value within and beyond the organisation.

CORPORATE RESPONSIBILITY

Sustainability is embedded in the Group's business strategy. While advancing its business objectives, Sembcorp Marine is committed to good corporate governance, environmental sustainability and social growth in all aspects of its operations.

Sembcorp Marine's sustainability approach is underpinned by its vision, mission and values, which provide guiding principles for the organisation's business. This is further articulated by the Group's Code of Business Conduct (document available on www.sembmarine.com/code-business-conduct) which defines the ethical standards and professional behaviour expected from all personnel.

As part of Sembcorp Marine's corporate governance framework, various checks and balances are in place to ensure business integrity and responsible operations. The Group is vigilant of potential impacts to business sustainability in the operating environment and adopts a precautionary approach in identifying and assessing strategic, operational and commercial risks.

By reviewing these potential impacts to business sustainability, the Group proactively develops risk mitigation

measures as well as action plans to tap on emerging opportunities. For more information about the Group's enterprise risk management framework, please refer to pages 98 to 103 of the Sustainability Report.

Sembcorp Marine continues to endorse various sustainability causes. In January 2018, Sembcorp Marine joined Singapore's Climate Action Pledge to manage business impact on climate change. The pledge includes commitments such as the measurement and management of carbon impact, education of stakeholders, sustainable sourcing, usage of energy-saving fittings, and setting targets to reduce carbon emissions.

As part of the Group's benchmarking efforts against global best practices, Sembcorp Marine plans to align its sustainability disclosure with the International Petroleum Industry Environmental Conservation Association (IPIECA) Sustainability Reporting Guide in 2018.

Sembcorp Marine's business and operations support several United Nations Sustainable Development Goals. These include achieving sustainable economic growth, employment and decent work for all; playing a role in building resilient infrastructure; encouraging sustainable industrialisation and innovation; promoting an inclusive workplace; addressing climate change and its impacts; as well as exploring opportunities for meaningful impact through partnerships.

The Group is a member of Global Compact Network Singapore, a non-profit organisation that advocates responsible business practices guided by the United Nations Global Compact (UNGC) on human rights, labour, environment and anti-corruption. It is also a member of the World Ocean Council which champions environmental responsibility, ocean sustainable development and responsible stewardship of the seas.

In recognition of Sembcorp Marine's commitment towards corporate responsibility as well as sustainable environmental, social and governance practices, the Group was conferred the prestigious Sustainable Business Award (Multinational Corporation category) by Global Compact Network Singapore at the Singapore Apex Corporate Sustainability Awards in 2017. The Group also received the Sustainability Award from the Securities Investors Association (Singapore) at the 18th Investors' Choice Awards for its exemplary corporate sustainability standards.

SUSTAINABILITY COUNCIL

In 2016, Sembcorp Marine's Sustainability Council was formed to manage the Group's sustainability programmes. Headed by President & CEO Mr Wong Weng Sun, the

Sustainability Council steers the Group's strategic approach to drive sustainable business growth for stakeholders based on environmental, social, governance and economic pillars.

For more information on the Sustainability Council and framework, please visit www.sebmarine.com/sustainability

MATERIALITY AND STAKEHOLDER ENGAGEMENT

This 2017 Sustainability Report (comprising the sustainability sections of the Annual Report) covers topics that reflect Sembcorp Marine's significant economic, environmental, social and governance impacts. It also addresses impacts that substantively influence the assessments and decisions of stakeholders. The materiality principle is applied using a process that aligns with Global Reporting Initiative (GRI) Standards 101 (clause 1.3), 102-44, 102-46 and 102-47 on defining content and boundaries.

The process is based on various sources of information and deliberation including prior analyses since 2015 (as described on page 67 of the 2016 Sustainability Report) as well as multiple dialogues and engagements with sustainability champions, data owners and relevant stakeholders facilitated by the Sustainability Secretariat. The engagements held in 2017 included two Sustainability Council meetings, comments and feedback from stakeholders, an Environmental Sustainability internal workshop, internal governance briefings, and Social Growth work plan meetings.

Sembcorp Marine's seven material topics were validated at the 2nd Sustainability Council meeting held in October 2017.

Joining the Sustainability Council members to validate the material topics were key representatives from the Senior Management Committee, Corporate Secretariat and Investor Relations. No further significant topics were added in 2017. The resulting list of topics in the following section was ratified by the Sustainability Council and Board of Directors.

As part of a business transformation process, the Group reviewed inputs from management, employees, independent consultants, comparative studies in the sector and region as well as feedback from the investment community to identify and map stakeholders who influence, or are influenced by, Sembcorp Marine and its operations. The process additionally established the objectives of engagement, channels of communication and methods to cultivate relationships that create mutual value and shared trust.

Sembcorp Marine employs a variety of ways to engage its local and global stakeholders, receive enquiries, collect feedback and act upon the feedback received. Stakeholders comprise customers, business partners, specialist vendors, technology partners, contractors, classification societies, financial community, regulatory bodies and government ministries in countries where the Group operates.

The year 2017 saw deeper engagement on technology, customer collaboration, government and educational institution visits, engagement with suppliers and investors, as well as community initiatives such as the Green Wave Environmental Care Competition.

Interaction with stakeholders takes place globally across Sembcorp Marine's business operations. For more information on the Group's stakeholders and engagement platforms, please refer to pages 73 - 76.

BOARD STATEMENT ON SUSTAINABILITY REPORT

- Sembcorp Marine Board of Directors is committed to sustainability.
- The Board believes that the 2017 Sustainability Report provides a reasonable and clear presentation of the company's sustainability strategy in four key areas: Environmental Sustainability, Social Growth, Corporate Governance and Business Growth. There are seven material issues determined and adopted under the four key sustainability areas.
- The Sustainability Council, chaired by the President & Chief Executive Officer and comprising members of senior management and key business units, assists the Board in overseeing and monitoring the company's sustainability initiatives.
- On behalf of the Sustainability Council, the Sustainability Secretariat provides regular updates on the company's sustainability initiatives, challenges, targets and progress at Board meetings.
- The 2017 Sustainability Report is prepared in accordance with the SGX Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards: Core Option.

APPROACH TO SUSTAINABILITY

Material Issues

Economic

Innovation and Solutions Development

Sustaining Competitiveness (pg 106)

Sembcorp Marine invests in innovation to develop sustainable and cost-competitive solutions that add value for stakeholders, generate new income streams and create opportunities for future growth. As a key thrust of the Group's business strategy, Sembcorp Marine targets to expand and diversify its portfolio of products, services and technologies to offer customers innovative and customised solutions across the offshore, marine and energy value chains. Diversity in the Group's product mix strengthens its versatility and resilience, which helps mitigate cyclical risks in the industry. Process innovation continuously enhances Sembcorp Marine's safe and efficient operations, ensuring competitiveness and sustaining business growth.

Approach:

Sembcorp Marine adopts a three-pronged approach in researching, developing and collaborating on innovation and solutions development. Through in-house expertise and an extensive network of partners, the Group expands and accelerates the discovery and creation of emerging technologies and new opportunities. The Group works actively to initiate, evaluate and manage the development and deployment of new products, technologies, systems and processes. These range from identifying emerging technologies to designing, prototyping, test-bedding and commercialisation.

Material Impact:

Customers, Business Partners, Technology Partners, Financial & Investment Communities, Regulators

Customer Alignment

Sustaining Competitiveness (pg 115)

Growing a strong customer base, creating brand loyalty and building trust are vital to Sembcorp Marine's profitability and growth. It is crucial to have a keen understanding of the market environment in order to develop products and solutions that fulfil the needs and requirements of customers. Sustainability impacts are taken into account during the conceptualisation and development of the Group's products and solutions. Sembcorp Marine aims to be the partner of choice for offshore, marine and energy customers.

Approach:

Regular engagement via multiple platforms at different levels of operation and management enables Sembcorp Marine to build a holistic approach to engaging customers. Customer retention and satisfaction levels are tracked as key indicators for economic performance and business resilience. Consistent and excellent quality, safety and environmental performances are achieved by robust management systems – such as a customer relationship management framework, processes for ISO 9001, OHSAS 18001 and ISO 14001 certifications, audit systems and customer satisfaction feedback gathering – that ensure effective collaboration, timely response to feedback, as well as high standards of quality, safety, environment and operational performance.

These processes undergo regular reviews and are adapted by various yard facilities based on the nature of business, project timeline and type of customers.

Material Impact:

Customers, Employees, Business Partners, Financial & Investment Communities

Material Issues

Environmental

Environmental Sustainability

Environmental Sustainability (pg 120)

To address global issues of resource scarcity and a changing climate, Sembcorp Marine recognises the importance of integrating environmental considerations into the Group's business decisions. Managing the environmental impact of its operations enables the Group to do its part to secure a sustainable future and create value for stakeholders. This also brings about commercial benefits, better risk management and enhanced competitiveness for the organisation.

Approach:

Sembcorp Marine strives to achieve environmental sustainability and continuous business growth through three key drivers: Green, smart and efficient operations; environmentally-friendly products and services; and responsible supply chain.

Sembcorp Marine's Environmental Policy identifies the key aspects of the Group's environmental management systems. The Group uses a precautionary approach by developing a comprehensive Environment Impact Assessment (EIA) to identify, assess and address environment-related aspects and impacts.

The assessment includes climate change, waste and recycling, air quality, and resource consumption. Regular audits for compliance with local regulations and international standards are undertaken as part of ISO 9001 and ISO 14001 certification requirements. Reviewed annually, Sembcorp Marine's environmental policy and practices encompass all employees, contractors and customers.

Anchored by an innovation culture, disciplined technology research and engineering development capabilities, Sembcorp Marine offers a suite of products that are cost-effective, safe, smart, superior and environmentally-friendly for customers, the industry and the community.

Material Impact:

Customers, Employees, Business Partners, Community, Regulators

Social

Human Capital

Human Capital (pg 125)

Human capital is a key lever for Sembcorp Marine's continuous growth and success. The management approach focuses on enhancing workforce competencies and capabilities, talent management and leadership development as well as employee engagement and wellbeing. Preparing the next generation of leaders as part of succession planning is important to Sembcorp Marine's long-term progress and competitiveness.

Approach:

Sembcorp Marine complies with the labour laws in its various countries of operation, including fair employment guidelines in accordance with the Ministry of Manpower Employment Act of Singapore, which is a member country of the International Labour Organization (ILO). Aligned with the United Nations Guiding Principles on Business and Human Rights as well as tenets advocated by Singapore's Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP), the Group respects employees' right to freedom of association and embraces fair employment, diversity and inclusivity at the workplace.

Sembcorp Marine's human capital strategy covers workforce development; competence-building and skills enhancement; organisational development; as well as cultivation of a strong company culture and identity. The Group seeks to offer a compelling employment experience, competitive compensation and benefits, opportunities for personal and professional development, as well as an enriching environment that promotes merit-based progression.

The Group gears its people development systems towards business excellence to support the attainment of recognised accreditations, such as ISO 9001 and People Developer Standards, which involve structured review and evaluation processes. Various engagement platforms and communication channels gather employee feedback in order to achieve continuous improvement.

Material Impact:

Customers, Employees, Business Partners, Community, Regulators

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Material Issues

Social

Total Workplace Safety and Health

Total Workplace Safety and Health (pg 135)

Sembcorp Marine is fully committed to creating and maintaining a culture where safety is at the forefront of all its operations. The Group actively mitigates health and safety risks in the workplace. Measures are in place to ensure that employees, contractors, suppliers and other stakeholders uphold high standards of occupational safety and health.

Approach:

A Health, Safety, Security, Environment and Quality Policy governs Sembcorp Marine's approach to total workplace safety and health. It ensures that the Group comply with national legislation (e.g. Singapore's Workplace Safety and Health Act), international regulations and recognised standards (e.g. OHSAS 18001 and SS 506). The Group's workplace safety and health (WSH) strategy comprises four pillars: enhancing HSE competencies and capabilities; building up commitment and leadership towards a better WSH culture; garnering support from stakeholders; and continuously improving risk and safety management systems. The Group's WSH strategy is integrated into all levels of operations and overseen by the Board Risk Committee. Regular reviews are conducted to evaluate the Group's WSH strategy and performance.

Material Impact:

Customers, Employees, Business Partners, Community, Regulators

Community Engagement

Community Engagement (pg 141)

Sembcorp Marine recognises the importance of active involvement in the community. Contributing towards community improvements and social advancements enables the Group to extend its positive influence as an agent for change and value creation.

Approach:

Sembcorp Marine's community engagement strategy focuses on Community Care, Environmental Care, Youth and Education, Industry Outreach, and Active Lifestyle and Culture. The Group contributes to society through various activities that support capability development, education outreach, employment creation, community building and social improvement. Regular reviews are conducted to evaluate the scope of Sembcorp Marine's social outreach efforts and the effectiveness of its community initiatives. The Group's community engagement strategy is aligned with ISO 26000 Guidance on Social Responsibility.

Material Impact:

Customers, Employees, Business Partners, Community

Corporate Governance

Business Integrity

Corporate Governance (pg 78); Risk Management (pg 98)

Business integrity through good corporate governance and effective risk management processes is vital to safeguarding the long-term interests of shareholders and the Group's assets. Upholding Sembcorp Marine's reputation as a well-governed and socially responsible company enables the Group to gain the trust and confidence of its customers, investors, partners and other stakeholders. Operating with ethics reinforces Sembcorp Marine's corporate values, while setting a tone of morality for the community in which it influences.

Approach:

Sembcorp Marine seeks continuously to secure the trust and confidence of customers, investors, partners and other stakeholders, by upholding its reputation as a well-governed and socially responsible company. This is achieved through the Group's commitment to effective governance and prudent decision making, enabled by effective risk management processes and robust internal controls, vital to safeguarding the long-term interests of stakeholders and the Group's assets. The Group embeds the principles of transparency, professionalism, fairness and integrity in compliance with legal regulations across its global network, and does not tolerate bribery and corruption in its dealings and operations.

Material Impact:

Customers, Employees, Business Partners, Financial & Investment Communities, Regulators

Targets

Our Material Issues	2017 Achievements	2020 Targets	2025 and Beyond
 <p>Innovation and Solutions Development</p>	<ul style="list-style-type: none"> Commercialised gas value chain and floater solutions: FSO Ailsa Secured Johan Castberg FPSO hull and living quarters EPC project Achieved full IMO and US Coast Guard Alternate Management System certifications for Semb-Eco LUV Ballast Water Management System Commercialised Elmag system with installation on three Polar Tankers vessels Signed MOU to collaborate with various institutions and companies for multiple research and development projects 	<ul style="list-style-type: none"> Continue to market gas value chain and floater solutions to secure new projects Continue to invest in research and development of safe and sustainable product solutions and collaborations 	<ul style="list-style-type: none"> 30% of annual company turnover generated from sustainable product solutions
 <p>Customer Alignment</p>	<ul style="list-style-type: none"> Participation in key trade events, e.g. Offshore Technology Conference, Nor-Shipping, Gastech, Seatrade Cruise Global, MEC and Sea Asia Successfully qualified integrated yard for new projects, i.e. Johan Castberg FPSO 	<ul style="list-style-type: none"> Continue to grow client base and secure projects in new market segments Maintain 100% compliance with product safety and health requirements Maintain above 90% customer satisfaction in all projects Maintain 100% quality, health, safety and environmental certifications Maintain high standards of customer security and data privacy protection 	<ul style="list-style-type: none"> Maintain 100% compliance with product safety and health requirements Maintain 95% customer satisfaction in all projects
 <p>Environmental Sustainability</p>	<ul style="list-style-type: none"> Rolled out Sembcorp Marine environmental sustainability goals: Ocean, Climate and Earth Implemented various initiatives to reduce carbon footprint and fight climate change in support of Singapore Year of Climate Change, e.g. 4.5 MWp solar system at Tuas Boulevard Yard Established Sembcorp Marine Group sustainable procurement policy No significant fines or non-compliance sanctions 	<ul style="list-style-type: none"> Continue to implement various initiatives to reduce carbon footprint and fight climate change 100% contracted responsible procurement spend and business practices in line with Sembcorp Marine Group sustainable procurement policy Achieve BCA Greenmark Gold Plus status for new corporate building at Tuas Boulevard Yard Achieve ISO 50001 Energy Management System certification for Tuas Boulevard Yard 	<ul style="list-style-type: none"> Towards a low carbon economy - 30% of annual company turnover generated from sustainable product solutions 100% contracted responsible procurement spend and business practices in line with Sembcorp Marine Group sustainable procurement policy

APPROACH TO SUSTAINABILITY

Targets

Our Material Issues	2017 Achievements	2020 Targets	2025 and Beyond
 Human Capital	<ul style="list-style-type: none"> Continued workforce planning strategy, talent management strategy. Continued implementation of performance management system and disciplinary procedure handling Developed global talent (e.g. Brazilian and Indonesian yards) Continued employee training and development (Sembcorp Marine Academy, Learning Centre) Continued global leadership development training, industry post-graduate programmes and scholarship support Continued to offer medical, healthcare and flexible benefits 	<ul style="list-style-type: none"> 3% of total payroll as investment for workforce competencies and talent development Achieve 44 training hours or 5 training days per employee per year 	<ul style="list-style-type: none"> 4% of total payroll as investment for workforce competencies and talent development Achieve 88 training hours or 10 training days per employee per year
 Total Workplace Safety and Health	<ul style="list-style-type: none"> Conducted inter-yard exchange programme and Behavioural Based Safety (BBS) programme Conducted Hazard Observation programme, Stop Work Authority programme and Occupational Health programmes Health checks, medical centre facilities, occupational first-aid training and joint-safety drills for employees and relevant stakeholders 	<ul style="list-style-type: none"> Vision Zero incidence target Accident Frequency Rate, Accident Severity Rate and Workplace Injury Rate below national benchmarks 100% participation for safety induction training for all yard visitors 	<ul style="list-style-type: none"> Vision Zero incidence target Accident Frequency Rate, Accident Severity Rate and Workplace Injury Rate below national benchmarks
 Community Engagement	<ul style="list-style-type: none"> Continued SchoolBAG programme, bursaries and academic awards Contributed to Community Chest SHARE programme and Yishun Students Care Service Continued Green Wave Environmental Care Competition Continued Global Compact Network Singapore and World Ocean Council memberships Continued industry outreach programmes: ASMI, SMI, MPA, SNAMES leadership, advisory panels in Nanyang Technological University, Ngee Ann Polytechnic, Singapore Polytechnic and Singapore Institute of Technology Digipen 	<ul style="list-style-type: none"> \$2 million annual investment for community engagement 10,000 hours of participation in community projects and volunteering activities by employees More than 1,000 students benefit from Sembcorp Marine SchoolBAG financial assistance programme every year Participation of more than 1,000 students from schools, including technical and tertiary institutions in Singapore, and more than 200 tertiary students from the region each year in Sembcorp Marine's Green Wave Environmental Care Competition 	<ul style="list-style-type: none"> \$3 million annual investment for community engagement 20,000 hours of participation in community projects and volunteering activities by employees

Targets

Our Material Issues	2017 Achievements	2020 Targets	2025 and Beyond
 <p>Business Integrity</p>	<ul style="list-style-type: none"> Conducted joint Internal Audit and Risk Management roadshows in Singapore, Indonesia and Brazil yards. Revised and localised anti-bribery and anti-corruption policies Launched reader-friendly Guidebook to Code of Business Conduct and conducted awareness programmes Adopted SGX Sustainability Reporting Guide Began alignment process with relevant United Nations Sustainable Development Goals and International Petroleum Industry Environmental Conservation Association (IPIECA) Sustainability Reporting Guide principles to progressively enhance sustainability management and reporting framework Initiated a voluntary third-party limited assurance engagement for the sustainability report 	<ul style="list-style-type: none"> Continue collaboration with Global Compact Network Singapore on national and industry sustainability capability building 	<ul style="list-style-type: none"> To be ranked Top 10 in Singapore Governance Transparency Index Maintain 100% system-driven compliance monitoring and reporting Maintain 100% declaration of compliance with Code of Business Conduct by third parties as well as employees

Stakeholders & Engagement Platforms

Stakeholders	Stakeholders' Expectations/ Concerns	Activities in 2017	Engagement Platforms
Customers	<ul style="list-style-type: none"> Ability to offer competitive and cost-efficient solutions which are safe and environmentally responsible Clear channels of bilateral communication Having a robust compliance programme Adherence to customers' codes of conduct Timely delivery and within budget Accurate and timely information Flexibility to work together Solutions to fulfil new international environmental expectations 	<ul style="list-style-type: none"> Regular customer surveys to gather comments and feedback Held a Green Technologies Retrofit Solutions and Ballast Water Management System seminar in Hong Kong for over 100 participants Secured new long-term agreements with: <ul style="list-style-type: none"> Chevron Shipping USA Jo Shipping of Norway Delivery of <ul style="list-style-type: none"> FPSO Pioneiro de Libra conversion for Brazil's Libra field Randgrid FSO conversion for Statoil's Gina Krog field Yamal LNG modules fabrication 1 jack-up to Borr Drilling 390 vessels repaired/upgraded Achieved highest global record for most LNG vessel repairs/upgrades in 2017 (34 units) Achieved a company record of 16 cruise ships repaired/upgraded for the year Launch of Ship Superintending Engineering Centre with the Republic of Singapore Navy Shared the Sembcorp Marine Enterprise Compliance programmes to customers Exhibition participation and networking platforms organised for customers and other stakeholders in Singapore, Japan, Norway, USA and Brazil 	<ul style="list-style-type: none"> Cross-function project kick-off meetings with customers Daily, weekly, quarterly and annual project coordination meetings and customer engagements Platforms to network and build relationships HSSE programmes Surveys Tenders Naming and delivery events for completed projects Participation in exhibitions, conferences and networking events Corporate website, email and newsletters Social and community improvement programmes led by Sembcorp Marine Joint QAQC, HSSE onsite checks and emergency-response drills with customers, contractors, vendors and stakeholders

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Stakeholders & Engagement Platforms

Stakeholders	Stakeholders' Expectations/ Concerns	Activities in 2017	Engagement Platforms
Business Partners	<ul style="list-style-type: none"> Compliance with: <ul style="list-style-type: none"> Regulations Code of Business Conduct HSSEQ policies and protocols Terms and conditions of purchasing policies and agreements Business integrity and trustworthiness Training support Clear two-way communication channels Opportunities for growth and collaboration 	<ul style="list-style-type: none"> Implementation of sustainability criteria for reviewing and qualifying vendors in the Approved Vendors List Evaluation and declaration by vendors Involvement of resident contractors in workplace safety and health improvement programmes Dialogue sessions at various levels ranging from management to operations Safety management system audits on resident contractors by Sembcorp Marine Ongoing tenders and projects HSSEQ training by Sembcorp Marine 127 HSSE drills Daily work briefings bizSAFE certification Ongoing tenders and projects 	<ul style="list-style-type: none"> Project planning platforms Tenders, quotations and requests for proposal Declaration of ethical business practices Performance and quality audits Training for contractor partners Involvement in safety campaigns and events Joint site inspections of projects Regular dialogue platforms with senior management Social and community improvement programmes Joint HSSE emergency-response drills
Employees	<ul style="list-style-type: none"> Conducive workplace Nurturing environment Fair labour practices and compensation Ethical work culture Career growth / personal development opportunities Training and upgrading Dynamic two-way communication platforms 	<ul style="list-style-type: none"> Provided an average of 44.29 training hours per employee to develop and upgrade skills and competencies of staff in Singapore Invested \$5.58 million in training and development programmes Continued Global Leadership Development programme in collaboration with Singapore Management University Supported workforce development initiatives by Workforce Singapore (WSG) and the NTUC e2i Participated in WSG Professional Conversion Programme to re-skill and up-skill employees' capabilities Signed MOU with ITE to initiate the Work & Learn Technical Diploma for marine engineering courses Launch of Guidebook to the Code of Business Conduct through a series of engagement programmes Training on anti-bribery and anti-corruption policies as well as whistle-blowing channels More than 840 long-service awards presented Engaged more than 580 students through recruitment events and yard tours as part of talent outreach Employee bonding and festive events Organised medical care, health promotion and total wellness initiatives for employees Regular engagement with unions Regular updates through intranet portals/ emails/memos 	<ul style="list-style-type: none"> Regular reviews and appraisals Employee dialogue sessions Online training Intranet platforms for policies, news and benefits Briefings and toolbox meetings Development programmes and training workshops/courses Meet-the-management sessions Union-management dialogues Promotion of whistle-blowing channels Corporate website and email Grievance/feedback channels Safety and innovation campaigns and recognition awards Long-service awards Social events, including festive celebrations Newsletters, posters and memos

Stakeholders & Engagement Platforms

Stakeholders	Stakeholders' Expectations/ Concerns	Activities in 2017	Engagement Platforms
Financial & Investment Communities and Media	<ul style="list-style-type: none"> Business resilience and financial performance Timely information Transparent, open and effective communication Responsible management Corporate governance and compliance 	<ul style="list-style-type: none"> Publicly accessible results reports, CEO speeches, press releases, annual reports via corporate website, SGX and email Annual General Meeting for shareholders Bi-annual financial results briefings for analysts, bankers and media More than 500 teleconferences, meetings and engagements Over 80 international sessions Communication channels accessible to all via website, email and telephone Learning tours for bankers, analysts and media 	<ul style="list-style-type: none"> Results announcements and news releases Regular reporting and communication platforms for shareholders Briefings for analysts and media Meetings, conference calls and site visits for analysts and fund managers Roadshows and investor conferences Corporate website and email Ratings and rankings
Local Communities	<ul style="list-style-type: none"> Promoting community care and welfare Support for social, community and industry causes Active corporate citizenship 	<ul style="list-style-type: none"> Contributions of more than \$1.26 million to social, community and industry causes, e.g. SchoolBAG grants of \$210,450 Approximately 5,100 hours of participation in community projects and volunteering activities by employees Various scholarships offered with 12 accepted by tertiary students Academic awards and bursaries of \$47,350 disbursed to children of employees Annual Green Wave Environmental Care Competition: 307 entries from over 1,000 students Sponsorship and support of sustainability, social improvement and community development projects Festive activities for the less privileged Staff involvement in National Day Parade 	<ul style="list-style-type: none"> Timely news releases Multi-tiered financial assistance programmes Corporate website and email feedback channels Educational programmes Organisation of events Sponsorship of events Collaborations with educational institutions Newsletters

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Stakeholders & Engagement Platforms

Stakeholders	Stakeholders' Expectations/ Concerns	Activities in 2017	Engagement Platforms
Government & Industry Partners	<ul style="list-style-type: none"> Compliance with regulations Collaborative efforts to share knowledge Joint development and deployment of best practices Joint management of resources and expertise 	<ul style="list-style-type: none"> Site visits and discussions with government representatives Sponsorship/participation in local events to promote the industry and enhance strategic relations e.g. Latin Asia Business Forum by IE Singapore MOU with DNV GL, SIMTech and NAMIC on development of Additive Manufacturing, Drone and Digital Twin technologies Joint collaboration to develop and integrate a Digital Energy-saving System to harness solar energy with SP Power Sponsorship support for students from the Singapore University of Technology and Design for the Capstone project Commitment to A*STAR's Technology Centre for Offshore and Marine, Singapore Safety conferences, campaigns and training seminars with industry partners e.g. XXI World Congress on Safety and Health at Work 2017 Joint safety, security, environment, health and innovation-related activities with partners e.g. CultureSAFE programme Continued research programmes Active contribution to industry, national and international associations like SMI, ASMI, SMF, as well as regional WSH committees of industry partners 	<ul style="list-style-type: none"> Dialogue sessions and site visits with government authorities and trade associations on safety, health, manpower, security and environment issues National and industry-level events Workplace safety and health collaborations R&D collaborations

SCOPE OF SUSTAINABILITY REPORT

Sembcorp Marine reports on its sustainability management approach and performance annually. This publication marks the seventh report since 2011 and is supplemented by the Sustainability section on the Group's corporate website at www.sembmarine.com/sustainability. The report is prepared in accordance with the GRI Standards: Core option and guided by ISO 26000 Guidance on Social Responsibility. The Group may disclose additional GRI Standard indicators as a response to stakeholder interest. The GRI Standards framework is an independent global standard built on inputs from a range of stakeholders through a consensus-seeking approach. It is widely adopted by international entities including Sembcorp Marine's customers and governments, thus providing a common platform of evaluation.

Unless otherwise stated, the reporting scope continues to be driven by operations and facilities under the Group's operational control in Singapore as they have the most significant impact on environmental, social, governance and economic indicators. Within the Sustainability Report, the term Sembcorp Marine Ltd references the Group's Singapore operations and facilities.

The data reported relates to the financial year from 1 January to 31 December 2017, except where indicated. The scope of the Group's consolidated financial statements are detailed in the Notes to the Financial Statements on pages 176 - 287.

Sembcorp Marine continues with its Transformation for Growth strategy to enhance its leading edge and competitive advantage. As of July 2017, two yards in Singapore – which

accounted for approximately 4% of the Group's total hectareage – ceased operation. For more information please refer to 'Tuas Road' and 'Shipyards Road' facilities on page 290. Resources from both yards were streamlined into the flagship Tuas Boulevard Yard. The 2017 data in this report continues to include the two yards unless otherwise stated.

In 2017, PricewaterhouseCoopers LLP was appointed to undertake a limited assurance engagement in respect of selected sustainability information of Sembcorp Marine Ltd as included in this report. The scope of assurance was conducted in accordance with the Singapore Standard on Assurance Engagements (SSAE) 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information. Details can be found in the Independent Limited Assurance Statement on Sustainability Information on pages 151 - 152.

ACCESSIBILITY

The Sembcorp Marine Sustainability Report continues to be published as part of the Annual Report. The Group believes this provides readers with an overview of Sembcorp Marine's sustainability, economic and business performance. The corporate website also hosts sustainability materials online which are meant to be read in conjunction with the report.

Sustainability reports from previous years can be found on the website. Limited copies of the printed report are produced annually to mitigate the impact on the environment.

For details on the GRI Standards disclosures, please refer to pages 147 - 150 of this publication.

To provide feedback on Sembcorp Marine's sustainability reporting, please email to sustainability@sembmarine.com.