

HUMAN CAPITAL



Nurturing a future-ready workforce

Sembcorp Marine aims to be an employer of choice in creating an equal opportunity workplace as well as an engaging and enriching work environment where employees can learn, grow and advance. With its human resource (HR) strategy aligned with strategic business objectives, the Group leverages workforce planning, talent management as well as competencies, capabilities and leadership development to drive continued growth and competitiveness.

WORKFORCE PROFILE

Sembcorp Marine's global workforce totalled 10,870 people as at end December 2017. The gender composition of 91% males and 9% females in the Group's workforce is comparable to other companies in the offshore and marine industry. Sub-contractors supplement the regular workforce and are deployed to support a significant part of the Group's production activities.

The Group's senior management team at its Singapore headquarters comprises 19 Singaporeans and one permanent resident. Of these, 16 are men and four are women, with five in the 40-49 years age group category and 15 in the 50 years and above age group.

More details can be found in the Senior Management section of this Annual Report on pages 50 - 57 and the corporate website.

HUMAN CAPITAL STRATEGY

Sembcorp Marine's HR strategy serves as an enabler to further the Group's mission, vision and business goals. The key dimensions of the HR strategy include workforce competencies and capabilities development for enhancing skills, productivity and competitiveness; talent management and leadership development for business continuity; as well as employee recognition, engagement and wellbeing.

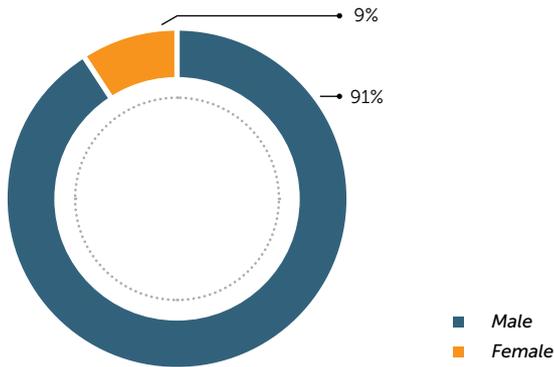
To ensure continued effectiveness and relevance of the Group's HR management systems, policies and procedures, regular reviews are conducted to evaluate feedback from internal and external stakeholders as well as benchmark against international standards and industry best practices.

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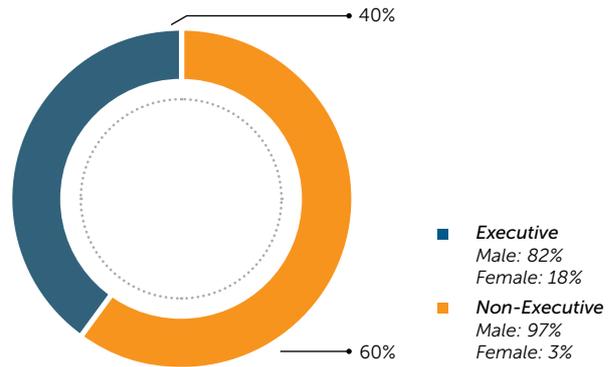
Global Workforce

Total = 10,870

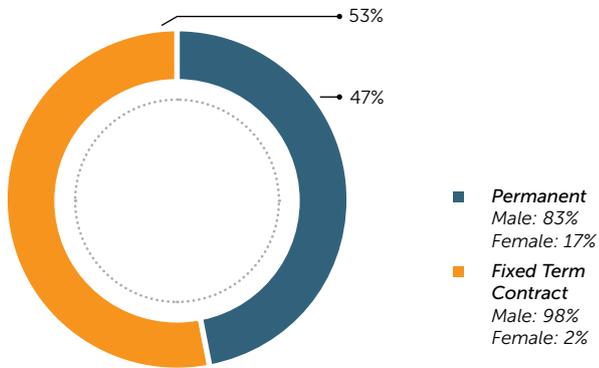
Workforce Distribution: Gender



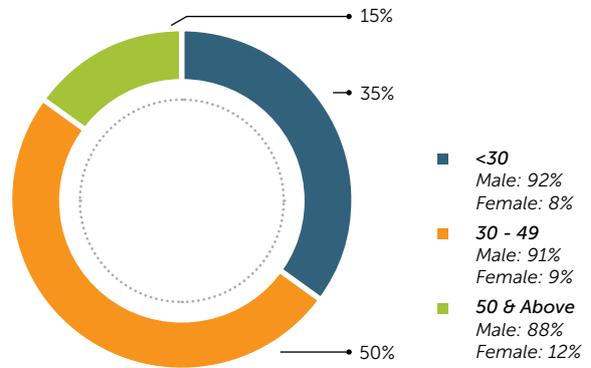
Workforce Distribution: Work Function



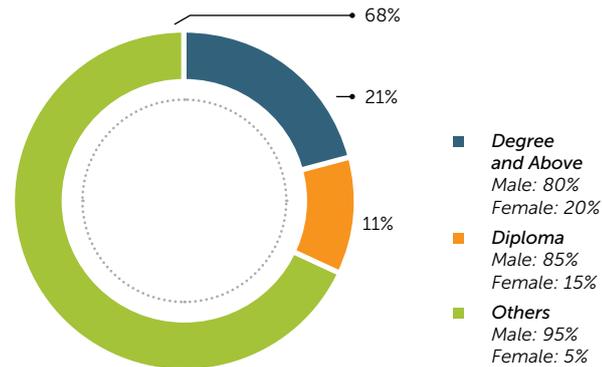
Workforce Distribution: Employment Contract



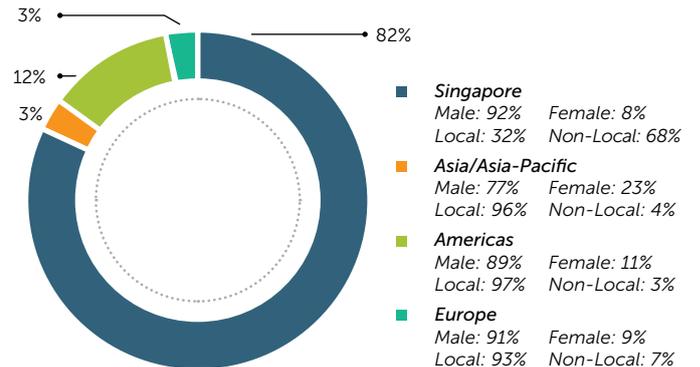
Workforce Distribution: Age Group



Workforce Distribution: Level of Education



Workforce Distribution: Region





Celebrating the successful signing of the collective agreement between Semcorp Marine and the Shipbuilding & Marine Engineering Employees' Union (SMEEU)

FAIR EMPLOYMENT AND EQUAL OPPORTUNITIES

Semcorp Marine fosters an inclusive culture and an equal opportunity work environment where diversity and the rights of employees are respected. The Group's commitment to fair employment practices and respect for fundamental human rights are reflected in its HR policies and Code of Business Conduct.

The Group's human resource approach, policies and practices in Singapore and its global operations are aligned with recognised conventions on human rights and labour. Semcorp Marine is informed and guided by general conventions from the United Nations Guiding Principles on Business and Human Rights as well as Singapore's Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP).

An early adopter of Singapore's Tripartite Standards, Semcorp Marine has been recognised by TAFEP as a Human Capital Partner for its progressive employment practices and continuous investment in human capital.

The Group observes ethical business practices and complies with labour laws in its various countries of operation. Slavery, forced labour, human trafficking and child labour are prohibited. The Group treats all employees fairly and any form of discrimination is not condoned.

Employees, associates and business partners are expected to adhere to guiding principles set out in the Group's Code of Business Conduct, which are communicated through various channels, including the company's corporate website as well as workshops on ethics, anti-bribery compliance, enterprise risk management and corporate governance. Vendors, suppliers and sub-contractors are required to undertake that their business practices are in compliance with Semcorp Marine's corporate governance standards and social responsibility principles.

As part of its fair employment practices, Semcorp Marine has established merit-based and non-discriminatory procedures for recruitment, training and development, compensation and evaluation. Employees are evaluated on objective criteria, including skills, experience, attitude and disposition, to assess their suitability for the job and the workplace. Remuneration is equitable and based on job scope regardless of employees' ages.

In 2017, there were no reports of discrimination and exploitative labour practices received by the Group.

FREEDOM OF ASSOCIATION AND LABOUR RELATIONS

Semcorp Marine respects employees' freedom of association with relevant trade unions and recognises their right to collective bargaining.

In Singapore, the Group's management of labour relations is guided by the relevant employment legislation, including the Industrial Relations Act, which sets out processes for resolving grievances and disputes through conciliation, arbitration and tripartite mediation.

The Group's Employee Grievance Handling Policy prescribes structured processes for grievance management and the resolution of disputes within the organisation. Employees first convey their concerns or disagreements to their immediate supervisors and then to their respective department heads. If a consensus is not reached, the issue would be referred to the HR Department for mediation and resolution.

There is close engagement between the Group's management and the union in the development of collective agreements that cover employees' working conditions, benefits, training as well as workplace safety and health. Employees covered under collective agreements represent more than 8% of the Group's workforce in Singapore.

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The Group also works in partnership with the union to co-create an inclusive, enriching, safe and healthy work environment through people development, worker-wellness programmes and other initiatives.

In recognition of its significant contributions to Singapore's Labour Movement, Sembcorp Marine received two accolades at the National Trades Union Congress (NTUC) May Day Awards 2017 – the Plaque of Commendation (Gold) for the Group and the Medal of Commendation for its Chief Human Resource Officer, Mr Chua San Lye.

WORKFORCE PLANNING AND TALENT OUTREACH

As part of the Group's workforce planning, Sembcorp Marine focuses on growing its talent pool and attracting the best talent through a wide range of channels. As part of its talent outreach and industry promotion efforts in 2017, the Group engaged more than 580 students through job fairs and recruitment talks in tertiary institutions and yard tours.

In 2017, Sembcorp Marine awarded 12 scholarships to students from institutes of technical education, polytechnics and universities, and welcomed 16 scholars who began new careers with the Group. These efforts ensure a constant pipeline of promising talent with strong commitment, passion and drive to forge new frontiers of excellence for Sembcorp Marine.

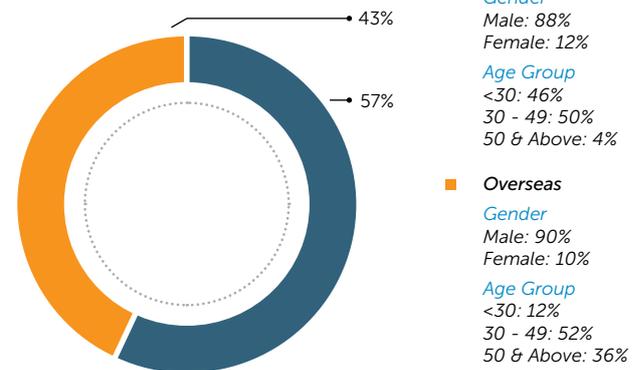
The Group also extended internships and industrial attachments to 108 students in 2017. These learning experiences provided the interns with opportunities to acquire practical skills and industry exposure.

Notably, Sembcorp Marine's active involvement in enhancing the quality of teaching and learning in marine engineering courses at the Singapore Institute of Technical Education (ITE) was recognised with the ITE Distinguished Partner Award in 2017. Over the years, Sembcorp Marine has contributed towards the setting up of the Maritime Training Centre at ITE College Central, on top of supporting the ITE Approved Training Centre and Traineeship Schemes. The Group also provides training places annually to ITE students as part of the ITE Enhanced Internship Programme. Besides training ITE students, Sembcorp Marine offers industry attachment opportunities for ITE lecturers.

Sembcorp Marine has recently signed an MOU with ITE to initiate the Work & Learn Technical Diploma (WLTD) for marine engineering courses. The Group believes in developing the next generation of engineers through the WLTD scheme and other programmes where students learn and work at the same time.

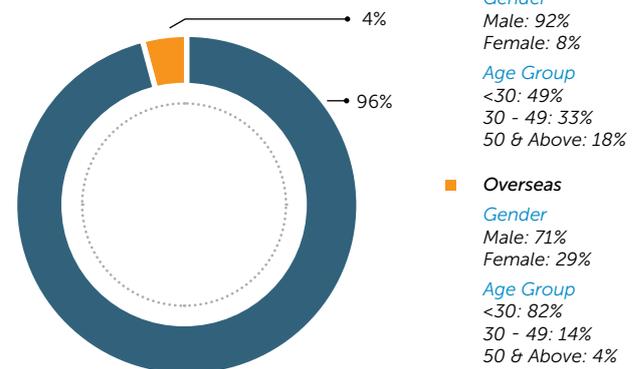
New Hires

Total = 640
Rate = 6%



Employee Turnover

Total = 2,722*
Rate = 22%



Notes:

* Turnover figures include resignation, contract expiry and retirement of employees

WORKFORCE COMPETENCIES AND CAPABILITIES DEVELOPMENT

Workforce competencies training and capabilities development continue to be a key focus for Sembcorp Marine. In Singapore, the Group invested \$5.58 million in employee training and development. On average, Sembcorp Marine achieved 44.29 training hours per employee in 2017. Reflecting the larger ratio of male employees within the Group, men accounted for 97% of the 395,047 training hours. Training and development of employees in the executive category represented 22% of the training hours provided, while non-executive personnel made up 78%.

Courses in the area of technical and functional skills as well as employee development accounted for 69% of the 20,848 training places provided. Training relating to workplace health, safety and environment made up the remaining 31%.

In line with Sembcorp Marine's workforce optimisation efforts, various training programmes were provided to enhance the versatility and scalability of employees for sustained competitiveness. Cross-yard deployments were also initiated to provide opportunities for staff to acquire new skills and competencies.

In the area of workforce development, Sembcorp Marine is an active supporter of initiatives by agencies such as Workforce Singapore (WSG) and the NTUC Employment and Employability Institute (e2i). In 2017, the Group participated in the WSG Professional Conversion Programme (PCP) where selected employees underwent six months of on-the-job training to re-skill and up-skill their capabilities in areas such as LNG and Process Engineering to help drive continued business growth. The Group has also engaged Institut Teknologi Petroleum PETRONAS (INSTEP) to customise a programme to enhance employees' skills in upstream processes.

The all-round personal development of employees is another aspect of training emphasised by the Group. To raise their competencies, staff attended relevant courses on personal effectiveness, communication, customer service, change management and team-building. There are also opportunities for employees to acquire knowledge and expand their horizons through participation in external seminars, conferences and networking events locally and overseas.

To strengthen workforce competitiveness within the industry, Sembcorp Marine works with its sub-contractors and educational institutions to train and qualify personnel for specialised trades. The Group held 157,319 hours of training for its sub-contractors in 2017. Of the 21,653 training places provided, workplace safety and health courses accounted for 93%.

Sembcorp Marine also actively shares knowledge and industry insights with government ministries, educational institutions, industry associations and certified training providers to continuously improve standards of offshore and marine engineering education and training in Singapore.



Specialised training to re-skill and up-skill employees for enhanced competitiveness

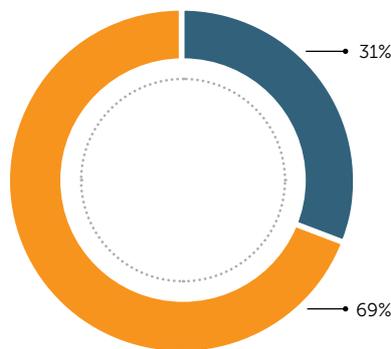


Sembcorp Marine employees undergoing the INSTEP training programme

Employee and Contractor Training in Singapore

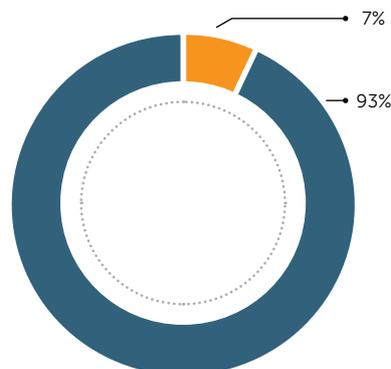
Employees

Training Places = 20,848
(395,047 training hours)



Contractors

Training Places = 21,653
(157,319 training hours)



- Health, Safety & Environment
- Skills, Competencies & Others

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Courses to enhance employees' personal growth

Strengthening Global Workforce Competencies

Sembcorp Marine continues to strengthen workforce competencies at its overseas yards through people development initiatives and infrastructural enhancements that boost the Group's training capabilities.

Brazil

The Group's wholly-owned Brazilian yard Estaleiro Jurong Aracruz (EJA) invests in training and development to enhance the technical competencies, safety capabilities and personal growth of its employees. To enable the transfer of knowledge and skills, several EJA staff were assigned to Singapore for work attachments to acquire a deeper understanding of Sembcorp Marine's operations and best practices.

To nurture local talent for the EJA workforce, Sembcorp Marine has established a Joint Educational Programme with the Instituto Federal do Espirito Santo (IFES) and Singapore's Ngee Ann Polytechnic. In 2017, 12 IFES trainees went through



Brazilian trainees from EJA on learning attachments in Singapore under the Joint Educational Programme

more than a year of training in Singapore. The training comprised a three-month Technical English Course, followed by a five-month Diploma (Conversion) in Marine and Offshore Technology at Ngee Ann Polytechnic, and subsequently six months of work attachment in Sembcorp Marine. After their training, the trainees returned to Brazil to start their engineering careers in EJA. Since 2012, 119 personnel have gone through the Joint Educational Programme.

EJA also contributes to capability building and workforce development in Brazil. The yard collaborates with educational institutions to offer local vocational training and apprenticeship programmes in specialised trades, such as industrial painting, welding, industrial automation, hydraulics, industrial mechanics, pipe fitting, scaffolding and electrical.

Indonesia

In 2017, a new welding centre was established at Sembcorp Marine's PT SMOE Indonesia in Batam to boost the yard's specialised training capabilities. The facility, which has 56 dedicated welding booths, serves to train a core group of Indonesian employees to weld high pressure, high temperature (HPHT) and other special piping materials.

The new welding centre augmented the training and learning centre opened earlier in 2016 to enhance knowledge sharing and skills development within the yard.

Knowledge and skills are also continuously exchanged between the Group's Singapore and Batam yards to support joint execution efforts for North Sea and harsh-environment projects.



Official opening of the new welding centre at PT SMOE Indonesia

TALENT MANAGEMENT AND LEADERSHIP DEVELOPMENT

Talent management and leadership development are vital aspects of Sembcorp Marine's succession planning framework. Structured processes are in place to nurture future leaders for business continuity. There is Board-level oversight under the Executive Resource and Compensation Committee for the development of talent for key executive positions, review of succession plans and approval of senior management appointments.

Potential leaders are identified through a structured talent management and performance management system which tracks their growth, progress and achievements. The Group sets out plans for the career progression of promising talent via a talent development framework, which includes training to enhance their technical competencies and leadership qualities.

Sembcorp Marine's Global Leadership Development Programme, which is in its final phase of implementation, has provided training to 2,138 management staff via various customised training modules since its launch in 2014. Developed in collaboration with the Singapore Management University, the programme utilises interactive training platforms to equip employees with global vision, strategic thinking and leadership capabilities. Focus group discussions with participants were conducted to gather feedback about the programme. The Group is also tracking participants' application of leadership competencies in their work roles.

To nurture the younger generation and groom future leaders, the Group continues to sponsor suitably qualified students in scholarship programmes.



Elevating the leadership capabilities of employees via interactive training modules under Sembcorp Marine's Global Leadership Development Programme

EMPLOYEE RECOGNITION, ENGAGEMENT AND WELLBEING

Recognising Performance and Contributions

Sembcorp Marine recognises and rewards staff according to their performance and contributions. The Group has merit-based processes to evaluate employees' suitability for career advancement and salary increments. In 2017, all eligible employees received regular performance and career development reviews in accordance with Sembcorp Marine's Performance Appraisal policy.

In Singapore, the Group's performance management system is based on the balanced score card approach with objective evaluation criteria. The performance management system involves active staff participation in setting clear and structured goals that are in line with the Group's strategic direction and corporate objectives. This inclusive goal-setting process provides employees with greater empowerment to define their performance targets and outcomes.

This integrated management approach enables effective tracking, review and recognition of staff performance as well as provides relevant training and development programmes to boost workforce competencies and competitiveness.

Sembcorp Marine values long-serving employees who have contributed to the Group's success over the years. Long-service awards are given out annually to honour staff for their contributions. In 2017, more than 840 employees received long-service awards.

Sembcorp Marine has been a strong advocate in re-employing workers up to the age of 67 years. The rehiring of older employees beyond the statutory retirement age of 62 years is practised in accordance with Singapore's Retirement and Re-employment Act. Under this regulation, companies are required to offer re-employment to retiring staff till 67 years of age.

Among those retiring in 2017, 402 employees chose to extend their work contracts. Staff beyond the re-employment age of 67 account for less than 1% of the Singapore workforce. For employees who did not stay on, transition assistance workshops were provided to prepare them for life after retirement.

To motivate employees, salary increments, bonuses and equity-based incentives, which are linked to performance and achievements, are offered as part of the remuneration package. Other basic benefits include annual leave, group insurance coverage and company transportation. Staff are

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entitled to parental leave benefits in line with Singapore's regulations.

In Singapore, the Group's Flexible Benefits Programme gives employees the choice of selecting their own benefits in the areas of health care, self-improvement, travel, insurance, childcare and fitness to meet their personal needs. Staff are entitled to medical benefits and those above 35 years of age are provided with additional credits to use for comprehensive annual health checks under the Flexible Benefits Programme.

Options for flexible work, such as part-time work or telecommuting, may be considered for employees who require such special arrangements.

Engaging Employees

Sembcorp Marine actively communicates organisational values and strategies to ensure that employees are aligned with the Group's culture and Code of Business Conduct. The Group's policies and programmes are conveyed via a range of communication channels, including staff orientation, intranet portals for internal communications, company website, memos, briefings and workshops. Areas covered include ethical business practices, risk management, corporate governance, anti-corruption, whistle-blowing, workplace safety and health as well as quality and security management.



Briefing employees on the Group's whistle-blowing and corporate governance policies.

Feedback from employees is gathered through various platforms such as dialogue sessions, focus groups, staff retreats and surveys. These engagements provide management with deeper insights into the needs, preferences and concerns of employees as well as highlight potential areas for improvement within the Group.

Supportive and Caring Work Environment

Sembcorp Marine respects diversity and is committed to creating an inclusive and supportive work environment for



In-house sports and recreational facilities at the Tuas Boulevard Yard dormitory

employees. The Group has implemented various programmes to support the integration of non-local employees into the workforce. Beyond basic induction, supplementary courses and preparatory programmes are provided to help non-locals adapt to the new work environment. English language courses are also offered to non-local employees who need to improve their language proficiency.

Staff on long-term overseas work assignments go through relevant language training to prepare them for the transition. For employees deployed to Brazil, special immersion courses and Portuguese lessons are arranged to enhance their local communication skills and performance on the job.

In caring for the welfare of its non-local workforce, Sembcorp Marine offers subsidised accommodation near or within the Group's Singapore yards. Various social activities, competitions and initiatives are regularly organised to promote social bonding as well as health, safety and security of non-local employees staying in the Group's dormitories. Training is also conducted to equip employees with knowledge on how to prevent crimes at their dormitories.



Various dormitory activities and events are organised to enhance social bonding

The Group's integrated dormitory facility within the Tuas Boulevard Yard provides residing employees with convenient access to the workplace as well as in-house facilities and amenities for their recreational and lifestyle needs. Reflecting the Group's commitment to social responsibility and employee care, the purpose-built dormitory comprises a well-equipped gymnasium, roof-top street soccer courts as well as various sporting options and recreational facilities, including a multi-media room for relaxation. Within the dormitory, amenities and services, such as a mini-mart, a barber shop and ATM facilities, as well as professional laundry support and a central kitchen meals service, are provided for the convenience of residents. Meal items served by the central kitchen are customised by a nutritionist to ensure that residents have a healthy and well-balanced diet.

With their needs taken care of and by living close to the workplace, employees have more time for rest and leisure, leading to improved productivity and safety at work.

Fostering a Cohesive Culture

To enhance synergy and cohesiveness within the Group, team-building workshops, social events, recreational outings, sporting activities, competitive games and festive gatherings are held at various levels throughout the year. On every New Year's Eve, department gatherings are organised for staff to bond and build *esprit de corps*.

There is also teamwork between the Group's management and union representatives in promoting workforce competitiveness, health, safety and environmental excellence as well as employee welfare. The close union-management partnership during the organisation of National Day celebrations, innovation campaigns and festive events reflects the Group's strong tripartite links with stakeholders.



Strong union-management ties and tripartite synergy



Festive events to promote employee bonding

Employee Care and Wellness

Sembcorp Marine has robust medical and emergency response capabilities as well as comprehensive health and wellness programmes to serve the needs of its employees and stakeholders.



Initiatives jointly organised by Sembcorp Marine, Singapore Police Force and Singapore Civil Defence Force to raise safety and security awareness among non-local employees residing in the Group's dormitories

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Medical and Health Care

There are in-house medical treatment, emergency management and health care capabilities within the Group's yards to ensure timely response in the event of incidents. The Group partners with Jurong Medical Centre, Ng Teng Fong General Hospital and Khoo Teck Puat Hospital to fast-track procedures for emergency response, medical treatment, specialist referrals and clinical tests.

Sembcorp Marine has various initiatives to educate employees on chronic disease prevention and management, including health talks and personal care workshops. The Group has in place a Diabetes Programme @ Workplace initiative since 2009 to track diabetic employees' key clinical indicators through quarterly blood tests, blood pressure readings and body mass index measurements as well as annual eye and foot screenings.

In the area of infectious disease prevention, an educational workshop was conducted for employees in 2017 on the prevention of Hepatitis A, B and C. There are also various ongoing initiatives to prevent the breeding of mosquitos and mitigate the risk of dengue fever, malaria and the Zika virus. These include regular fumigation, site checks as well as joint inspections with government agencies, such as the National Environment Agency and the Ministry of Health, to eradicate mosquito breeding sites and safeguard the wellbeing of employees and stakeholders.

Total Wellness

Sembcorp Marine cares for the total wellbeing of employees. In 2017, workshops on emotional and mental wellness, as well as stress and anger management were conducted for staff. Talks on inter-personal communication, enhancing family relationships and effective parenting were also held to empower employees with life skills for building positive and healthy relationships.

To provide support for employees' emotional wellness and mental wellbeing, counselling and anonymous helplines are available to help those dealing with work or life issues.

Active and Healthy Living

Staff are encouraged to lead an active lifestyle through various initiatives, such as daily morning exercises, group workouts and health promotion workshops. There is convenient access to in-house gymnasium facilities and fitness programmes, including personal fitness training as well as yoga, pilates and zumba classes, for employees to exercise after work.

Sembcorp Marine and its employees registered their support for the latest season of Health Promotion Board's National Steps Challenge. As part of the competition, participating companies compete to be among the top three with the highest average step count per participant during the

challenge period, from mid January to end April in 2018. To encourage greater participation, booths for registration and the collection of step tracker devices were set up across the Group's yards for the convenience of employees.

Participation by staff in external activities such as sporting events, tournaments and recreational outings, also provide opportunities for them to keep fit and build camaraderie with fellow colleagues outside the workplace.



Distribution of step tracker devices to encourage active living among employees during Health Promotion Board's National Steps Challenge



Recreational activities to foster closer ties among employees



Promoting cohesiveness and active lifestyle through outdoor sports