

APPROACH TO SUSTAINABILITY



Sembcorp Marine takes a long-term approach to creating value for its stakeholders in a way that achieves positive performance in environmental sustainability and social growth, while achieving business growth and maintaining high standards of corporate governance.

CORPORATE RESPONSIBILITY

Sembcorp Marine’s approach to sustainability is anchored in its mission, vision and values, which serve as the guiding principles for the conduct of its businesses.

The Group’s commitment to human rights, responsible business practices, corporate social responsibility and good corporate governance is articulated in detail by Sembcorp Marine’s Code of Business Conduct (document available on www.sembmarine.com/code-business-conduct) which defines the ethical standards and professional behaviour by which all personnel are expected to abide.

Respect for human rights – covering workplace safety, health and security, freedom of association, diversity, inclusion, equality, fair and decent employment terms as well as care for local communities – is embedded in policies and systems throughout Sembcorp Marine’s global business operations and value chain.

The Group’s human rights commitment is in turn guided by the United Nations (UN) Declaration of Human Rights, UN Guiding Principles

on Business and Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights as well as the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

To provide supply chain vendors, contractors and partners with greater clarity, a Supplier Code of Conduct (accessible at www.sembmarine.com/supplier-code-of-conduct) was introduced in 2018. This document gives guidance on the Group’s expectations relating to business integrity, conflict of interest, human rights, fair employment, decent labour practices, ethical sourcing, health, safety and environmental responsibility, data protection and privacy, as well as compliance with export controls and sanctions.

Sembcorp Marine’s corporate governance framework ensures control measures are in place for the Group’s business responsibilities. Ever vigilant of potential impacts on its business and operational sustainability, the Group adopts a precautionary approach to identifying and assessing strategic, operational and commercial risks.

Risk mitigation measures are used to manage risk and formulate action plans to capitalise on opportunities identified through the risk management process. For more information about the Group’s enterprise risk management framework, please refer to pages 106 - 115 of the Sustainability Report.

Sembcorp Marine advances sustainability through its membership in the Global Compact Network Singapore, a non-profit organisation that champions responsible business practices based on United Nations Global Compact guidance on human rights, labour, environment and corporate

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governance. The Group has also endorsed the Tripartite Alliance for Fair and Progressive Employment Practices employers' pledge, reflecting its commitment to providing fair treatment and equal opportunities to employees.

A member of the World Ocean Council, Sembcorp Marine supports environmental responsibility, ocean sustainable development and responsible maritime stewardship. The Group is also committed to the Singapore Climate Action Pledge to reduce its impact on climate change.

In 2018, Sembcorp Marine received various awards in recognition of its commitment towards corporate social responsibility. The Group won the 2018 Seatrade Maritime Asia Safety Initiative Award for its CARE programme, which is a workplace safety and health initiative that empowers any stakeholder in the yard to halt work if potential safety hazards are spotted.

Sembcorp Marine's care for the social, recreational and emotional needs of foreign workers in its dormitories was also lauded at Singapore's annual Dormitory Awards, organised by the Ministry of Manpower in partnership with the Dormitory Association of Singapore and the Migrant Workers' Centre.

SUSTAINABILITY COUNCIL

Sembcorp Marine's Sustainability Council, formed in 2016, manages the Group's sustainability programmes. Headed by President & CEO Mr Wong Weng Sun, the Sustainability Council steers the Group's strategic drive towards sustainable growth based on economic, environmental, social and governance considerations.

Scan for more information on the Sustainability Council and framework



MATERIALITY AND STAKEHOLDER ENGAGEMENT

The 2018 Sustainability Report, which sits within this Annual Report, elaborates on Sembcorp Marine's significant economic, environmental, social and governance impacts. 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 an internal Materiality Review Workshop in June 2018 facilitated by the Sustainability Secretariat, involving members of the Group's various governing bodies and functions, and informed by prior analyses since 2015. The validated results showed no change to the seven material topics identified in 2017. Additionally, the Group aligned its material topics with 11 UN Sustainable Development Goals.

As part of a business transformation process, the Group reviewed inputs from Management, employees, independent consultants, and comparative studies in the sector and region. Feedback from the investment community was also obtained 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 among stakeholders. These stakeholders include customers, media, fund managers, specialist vendors, technology partners, contractors, classification societies, regulatory bodies and government ministries of countries in which the Group operates. Interaction with stakeholders takes place globally across Sembcorp Marine's business operations. More information on the Group's stakeholders and engagement platforms are detailed on pages 73 - 77.



BOARD STATEMENT ON SUSTAINABILITY REPORT

- Sembcorp Marine Board of Directors is committed to sustainability.
- The Board believes that the 2018 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 2018 Sustainability Report is prepared in accordance with the SGX Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards: Core Option.



MATERIAL ISSUES

Sembcorp Marine supports the UN Sustainable Development Goals and have identified 11 Goals which are most relevant to the Group's business strategy and activities. The alignment of the Group's material issues with these Goals is shown in the following pages. Goal 17 (Partnerships for the Goals) is aligned to all the Group's material issues and forms the basis for the advancement of the UN Sustainable Development Goals.



Economic

Innovation and Solutions Development

Sustaining Competitiveness (pages 118 - 122)

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

UN Sustainable Development Goals:

Goal 7: Affordable and Clean Energy
 Goal 9: Industry, Innovation and Infrastructure
 Goal 14: Life Below Water

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MATERIAL ISSUES

Economic

Customer Alignment

Sustaining Competitiveness (pages 128 - 133)

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 engagements via multiple platforms at different levels of operation and management enable 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

UN Sustainable Development Goals:

Goal 8: Decent Work and Economic Growth

Goal 9: Industry, Innovation and Infrastructure



MATERIAL ISSUES

Environmental

Environmental Sustainability

Environmental Sustainability (pages 134 - 139)

To address global issues of ocean sustainable development, 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

UN Sustainable Development Goals:

Goal 3: Good Health and Well-being
Goal 7: Affordable and Clean Energy
Goal 12: Responsible Consumption and Production
Goal 13: Climate Action
Goal 14: Life Below Water
Goal 15: Life on Land

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MATERIAL ISSUES

Social

Human Capital

Human Capital (pages 140 - 149)

Human capital is a key lever for continuous growth and success. Sembcorp Marine's human resource strategy contributes to the Group's mission, vision and business goals by: talent management and leadership development; enhancing workforce competencies and capabilities; ensuring respect for human rights across its operations and value chain; providing fair employment and equal opportunities; as well as employee recognition, engagement and well-being. 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 respect for human rights and fair employment guidelines in accordance with all employment related acts and legislation of Singapore, which is a member country of the International Labour Organization (ILO).

Sembcorp Marine's commitment to human rights is articulated in the Group's policies which is guided by the UN Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, International Covenant on Civil and Political Rights, International Covenant on Economic, Social and Cultural Rights as well as the ILO Declaration on Fundamental Principles and Rights at Work. The Group respects employees' right to freedom of association and embraces fair employment, diversity and inclusivity at the workplace in alignment with tenets advocated by Singapore's Tripartite Alliance for Fair and Progressive Employment Practices.

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 standards, such as ISO 9001, OHSAS 18001 and ISO 14001, which involve structured 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

UN Sustainable Development Goals:

Goal 4: Quality Education

Goal 8: Decent Work and Economic Growth

Total Workplace Safety and Health

Total Workplace Safety and Health (pages 150 - 156)

Sembcorp Marine is fully committed to creating and maintaining a culture where safety is at the forefront of all its operations. The Group has systems in place which aim to mitigate safety and health 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 health, safety and environment (HSE) competencies and capabilities; building commitment and leadership towards a better WSH culture; working with 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

UN Sustainable Development Goals:

Goal 3: Good Health and Well-being

Goal 8: Decent Work and Economic Growth

MATERIAL ISSUES

Social

Community Engagement

Community Engagement (pages 157 - 163)

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 Youth and Education, Environmental Care, Community Care, Active Lifestyle and Culture, and Industry Outreach. 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 relevance of its community initiatives. The Group's community engagement strategy is aligned with the UN Sustainable Development Goals and ISO 26000 Guidance on Social Responsibility.

Material Impact:

Customers, Employees, Business Partners, Community

UN Sustainable Development Goals:

Goal 3: Good Health and Well-being
Goal 4: Quality Education
Goal 9: Industry, Innovation and Infrastructure
Goal 13: Climate Action
Goal 14: Life Below Water
Goal 15: Life on Land

Corporate Governance

Business Integrity

Corporate Governance (pages 79 - 105); Risk Management (pages 106 - 115)

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

UN Sustainable Development Goals:

Goal 8: Decent Work and Economic Growth
Goal 16: Peace, Justice and Strong Institutions

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TARGETS PERFORMANCE



For more information on Sembcorp Marine's 2020 and 2025 targets, please see Sembcorp Marine's previously published 2017 Annual Report, pages 71 to 73

Material Issues

2018 Achievements

Innovation and Solutions Development



- Production floater solutions:
 - Secured Shell Vito Floating Production Unit (FPU) project with superior engineering and execution capability
 - Acquired intellectual property rights for Sevan SSP circular hull solution for deeper and harsher ocean deployment
- Gas value chain solutions:
 - Commercialised gas value chain solutions
 - Developed market-ready LNG bunker vessel solutions
 - Developed gas powered tug solutions
 - Continued to actively market Gravifloat and other gas value chain solutions
- Renewable energy and green product solutions:
 - Awarded design and build contract for three units of truly zero-emission 80-DEH hybrid plug-in roll-on/roll-off passenger (ropax) ferries equipped with batteries charged by hydroelectricity
 - Retrofitted 58 vessels with ballast water management systems and marine scrubbers
- Collaboration with research institutions and technology partners:
 - Signed MOU with American Bureau of Shipping (ABS) and Agency for Science, Technology and Research's (A*STAR) Institute of High Performance Computing (IHPC) to develop gas solutions for offshore, marine and energy applications
 - Joint development with ABS to attain Cybersecurity-Ready Notation
 - Six joint projects with AkzoNobel relating to corrosion control coating for offshore and marine applications
- Achieved 9.16% of annual company turnover from sustainable products

Customer Alignment



- Participated in key trade events e.g. Offshore Technology Conference, Posidonia, Gastech, SMM, Seatrade Cruise, Rio Oil & Gas and MEC exhibitions
- Secured more than \$200 million worth of projects in new market segments:
 - Awarded a design and build contract for three units of ropax hybrid plug-in ferries for deployment in environmentally-sensitive Norwegian waters
 - Awarded engineering, procurement, construction, hook-up and commissioning contract for two substation topsides to be deployed at the Hornsea 2 Offshore Wind Farm
- Maintained global leadership in turnkey offshore and marine newbuild solutions:
 - Construction and integration of hull, topsides and living quarters for Shell Vito semi-submersible FPU
 - Engineering, procurement and construction (EPC) contract from TechnipFMC, covering fabrication and integration of Floating Production Storage and Offloading vessel (FPSO) hull, living quarters and topsides
- Maintained above 96% customer satisfaction for repair and upgrading projects
- Fulfilled compliance audits for ISO 9001, OHSAS 18001 and ISO 14001
- Conducted impact assessments for lifecycle stages of products and solutions through HAZID and HAZOP studies
- Attained first-of-a-kind Cybersecurity-Ready Notation for Borr Drilling's newbuild jack-up rig.
- Maintained high standards of customer security and data privacy protection



TARGETS PERFORMANCE

Material Issues

2018 Achievements

Environmental Sustainability



- Rolled out Sembcorp Marine environmental sustainability "Climate, Ocean and Earth" programmes in line with UN Sustainable Development Goals
- Implemented initiatives to reduce carbon footprint and fight climate change:
 - E4Rs (Eliminate, Reduce, Recycle, Reuse, Recover) initiative – a robust programme to develop the mindset of protecting the environment
 - Commissioned digital energy saving system to generate solar energy and offset operational carbon footprint
 - Engaged Carbon Care Asia for sustainable products' carbon footprint evaluation
- 100% active suppliers in the Group's approved vendors list declared compliance with Sembcorp Marine's Supplier Code of Conduct and sustainability standards
- Achieved Building and Construction Authority Green Mark GoldPLUS status for new corporate building
- No significant fines or non-compliance sanctions

Human Capital



- Continued workforce planning and talent management strategies
- Maintained zero reported cases of discrimination and exploitative labour practices
- Invested \$6.20 million (1.5% of total payroll) in employee training and development globally
- Achieved average of 38 training hours per employee
- Partnered with Institute of Technical Education (ITE) on Work-Learn Technical Diploma to ensure steady stream of skilled talent for the Group
- Continued implementation of performance management system and disciplinary procedure handling
- Continued to offer comprehensive medical, healthcare and flexible benefits

Total Workplace Safety and Health



- Adopted a robust and audited WSH Framework
- Established the President & CEO Health, Safety, Security and Environment (HSSE) pledge
- Implemented Group-wide "Safety Starts with Me" campaign to reinforce personal ownership on HSE
- Accident frequency rate, accident severity rate and workplace injury rate better than national average
- Continuous enhancement towards Vision Zero incident target
- 100% participation in safety induction training for all yard visitors
- Conducted quarterly contractor WSH performance awards to recognise good WSH performance
- Received 1 Gold Award, 2 Silver Awards and 1 Bronze Award in ASMI 21st Convention for Workplace Safety and Health Innovations in Marine Industry

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TARGETS PERFORMANCE

Material Issues

2018 Achievements

Community Engagement



- Implemented holistic community engagement programme in line with UN Sustainable Development Goals
- More than \$1.68 million annual investment in community engagement
- More than 6,680 hours of participation in community projects and volunteering activities by employees
- Launched new INSIGHT programme to enhance students' learning through hands-on guidance from operational specialists
- 843 participants from schools, including technical and tertiary institutions, in Sembcorp Marine's Green Wave Environmental Care competition
- More than 1,000 students benefited from Sembcorp Marine's 2018 SchoolBAG financial assistance programme
- Signed terms of agreement for a new ITE Financial Assistance Grant programme

Business Integrity



- Continued collaboration with Global Compact Network Singapore on national and industry sustainability capability building, as a Platinum sponsor
- Passed first independent third-party sustainability assurance by PwC for Sembcorp Marine's sustainability report
- Met SGX-ST Listing Rule Practice Note 7.6 on sustainability reporting requirements
- Sembcorp Marine Strategy Planning covered business growth as integral part of sustainability
- Completed materiality review. Material issues are now aligned with 11 UN Sustainable Development Goals
- Launched Supplier Code of Conduct and maintained 100% declaration of compliance with Code of Business Conduct by third parties as well as employees
- Anti-bribery and anti-corruption policies in place and training conducted for new employees

STAKEHOLDERS & ENGAGEMENT PLATFORMS

Stakeholders	Stakeholders' Expectations/Concerns	Activities in 2018	Engagement & Communication Platforms
Customers	<ul style="list-style-type: none"> Ability to offer reliable, competitive and cost-efficient solutions that are safe and environmentally responsible Proven track record of successful projects Timely delivery within budget Clear channels of communication Robust compliance Adherence to customers' codes of conduct Top-down commitment to health, safety, environment issues and zero workplace incidents goal 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 Seminars and conferences promoting green technology retrofit solutions and LNG gas value chain capabilities Secured new long-term agreements for repairs and upgrades with: <ul style="list-style-type: none"> Shell / GasLog Solvang ASA Won biggest green technology retrofit contract (as at September 2018) from Maran Tankers for installation of scrubbers and ballast water management systems Delivery of <ul style="list-style-type: none"> First full turnkey newbuild harsh-environment Floating Storage and Offloading vessel (FSO) Ailsa to owner MODEC and operator TOTAL with zero lost-time incidents Culzean wellhead, utilities & living quarters as well as central processing facility topsides project to TOTAL Kaombo Norte and Kaombo Sul FPSO conversions to Saipem Eight jack-ups (one to BOT Lease and seven to Borr Drilling) 296 vessels repaired/upgraded Achieved global record for the most LNG vessel repairs/upgrades in 2018 (41 units) 10 cruise ships repaired/upgraded for the year Ongoing communication of Sembcorp Marine Enterprise Compliance programmes with customers Mass toolbox briefing to all persons at work Exhibition participation and networking events organised for customers and other stakeholders in Singapore, Hong Kong, China, Japan, Greece, Spain, USA and Brazil 	<ul style="list-style-type: none"> Cross-functional project meetings with customers Daily, weekly, quarterly and annual project coordination meetings and customer engagements Health, safety, security, environment and quality (HSSEQ) programmes Surveys Naming and delivery events for completed projects Participation in exhibitions and conferences Platforms to network and build relationships Corporate website, email and newsletters Dialogue sessions between customers and yard management Joint quality assurance and control checks, HSSE onsite inspections and emergency-response drills with customers, contractors, vendors and stakeholders Social and community improvement programmes led by Sembcorp Marine

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STAKEHOLDERS & ENGAGEMENT PLATFORMS

Stakeholders	Stakeholders' Expectations/Concerns	Activities in 2018	Engagement & Communication Platforms
Business Partners	<ul style="list-style-type: none"> Compliance with: <ul style="list-style-type: none"> Regulations Code of Business Conduct Supplier Code of Conduct Human Rights Policy HSSEQ policies and protocols Terms and conditions of purchasing policies and agreements Business integrity and trustworthiness Training support Clear two-way communication Opportunities for growth and collaboration 	<ul style="list-style-type: none"> Introduced Supplier Code of Conduct Continued application of sustainability criteria for the approved vendors list Mandatory declaration of compliance by suppliers and contractors with Sembcorp Marine Human Rights Policy and ethical codes of conduct Technical visits, factory acceptance tests and site audits for suppliers Technology sharing with key suppliers Provided sub-contractors with 262,174 hours of training Dialogue sessions at various levels ranging from management to operations Involvement of contractors in WSH improvement programmes Audits on resident contractors to assess performance, safety, quality, sustainability and social responsibility Over 130 HSSE drills bizSAFE certification Daily work briefings 	<ul style="list-style-type: none"> Project planning platforms Declaration of ethical business practices Briefings on human rights and corporate governance compliance Sharing of best practices, technical developments and new technologies Supplier and contractor reviews and audits Training for contractor partners Joint HSSE emergency-response drills Involvement in safety campaigns and events Joint site inspections of projects Regular dialogue platforms with senior management Social and community improvement programmes



STAKEHOLDERS & ENGAGEMENT PLATFORMS

Stakeholders	Stakeholders' Expectations/Concerns	Activities in 2018	Engagement & Communication Platforms
Employees	<ul style="list-style-type: none"> • Safe workplace • Nurturing environment • Human rights • Fair labour practices and compensation • Ethical work culture • Career growth / personal development opportunities • Training and upgrading • Two-way communication platforms • Reprisal-free processes for raising grievances and work concerns 	<ul style="list-style-type: none"> • Provided 450,972 training hours globally (average of 38 training hours per employee) • Invested \$6.20 million globally in employee training and development programmes • Sembcorp Marine Academy employee training programmes • Supported workforce development initiatives by Workforce Singapore (WSG) and National Trades Union Congress Employment and Employability Institute • Participated in WSG Professional Conversion Programme to re-skill and up-skill employees • Partnered with ITE on the Work-Learn Technical Diploma for marine engineering courses • Guidebook to the Code of Business Conduct available online • Training on human rights, personal data protection, and policies relating to anti-bribery, anti-corruption and whistle-blowing • Regular engagement with unions • 687 employee long-service awards presented • Employee bonding and festive events • Organised health promotion and total wellness initiatives for employees 	<ul style="list-style-type: none"> • Regular reviews and appraisals • Employee dialogue sessions • Surveys • Briefings and toolbox meetings • Meet-the-management sessions • Online training • Development programmes and training workshops/courses • Union-management dialogues • Promotion of anonymous and/or reprisal-free feedback platforms e.g. whistle-blowing channels and Stop-Work Authority programme • Grievance/feedback channels • Campaigns and recognition awards for WSH and innovation • Long-service awards • Social events, including festive celebrations • Newsletters, posters and memos • Regular updates through intranet portals/emails/memos • Intranet platforms for policies, news and benefits • Corporate website and email
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 590 teleconferences, meetings and engagements • Communication channels accessible to all via website, email and telephone • Learning tours for analysts, retail investors 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, fund managers and retail shareholders • Roadshows and investor conferences • Corporate website and email • Ratings and rankings

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STAKEHOLDERS & ENGAGEMENT PLATFORMS

Stakeholders	Stakeholders' Expectations/Concerns	Activities in 2018	Engagement & Communication Platforms
Local Communities	<ul style="list-style-type: none"> Promoting community care and welfare Support for social, community, sustainability and industry causes Action on the ground from corporate social responsibility programmes 	<ul style="list-style-type: none"> Contributions of more than \$1.68 million to social, community and industry causes, e.g. SchoolBAG grants of \$203,800 More than 6,680 hours of participation in community projects and volunteering activities by employees Launch of ITE Financial Assistance Grant, valued at \$576,000 to be disbursed over two years Academic awards and bursaries totalling \$82,650 disbursed to children of employees Launch of the Sembcorp Marine INSIGHT Programme to enhance learning of students through site visits to witness key project milestones Annual Green Wave Environmental Care Competition Coastal clean-up initiative Sponsorship and support of sustainability, social improvement and community development projects Sponsorship support for students from the Singapore University of Technology and Design for the Capstone project Festive activities for the less privileged 	<ul style="list-style-type: none"> Multi-tiered financial assistance programmes Corporate website and email feedback channels Educational programmes Organisation of events Sponsorship of events Collaborations with educational, social and community institutions Volunteering initiatives Timely news releases Newsletters

STAKEHOLDERS & ENGAGEMENT PLATFORMS

Stakeholders	Stakeholders' Expectations/Concerns	Activities in 2018	Engagement & Communication 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 development of new technologies • Joint management of resources and expertise • Support for national initiatives 	<ul style="list-style-type: none"> • Site visits and dialogue sessions with government representatives • Sponsorship/participation in local events to promote the industry and enhance strategic relations • MOU with ABS and A*STAR's IHPC to develop new LNG technologies, applications and capabilities • MOU with DNV GL, Singapore Institute of Manufacturing Technology, and National Additive Manufacturing Innovation Cluster (NAMIC) on development of Additive Manufacturing, Drone and Digital Twin technologies • Ongoing joint collaboration with Singapore Power to develop and integrate a digital energy-saving system to harness solar energy • Presentations on new technology or green solutions at the Asia Europe Meeting, Singapore Maritime Week 2018, and NAMIC Energy & Maritime Summit • Commitment to A*STAR's Technology Centre for Offshore and Marine, Singapore • Joint safety, security, environment, health and innovation-related activities with partners e.g. CultureSAFE programme • Continued research programmes • Active contribution to international, national and industry associations like Singapore Maritime Institute, Association of Singapore Marine Industries, Singapore Maritime Foundation, 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 • International, national and industry-level events • Workplace safety and health collaborations • R&D collaborations

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SCOPE OF SUSTAINABILITY REPORT

The Sembcorp Marine Sustainability Report is an annual publication that is supplemented by the Sustainability section on the Group's website at www.sembmarine.com/sustainability.

This publication is the eighth report since 2011 and has been prepared in accordance with the GRI Standards: Core option. The 2018 standards for GRI 303 Water and Effluents and GRI 403 Occupational Health and Safety have been adopted for this report. Additional GRI Standard indicators are disclosed by the Group as a response to stakeholder interest.

In line with Sembcorp Marine's aim to improve the quality of reporting and meet stakeholder interests, the Group has integrated two additional reporting frameworks for the Sustainability Report 2018 – the UN Sustainable Development Goals and the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting issued by IPIECA, the American Petroleum Institute (API) and the International Association of Oil & Gas Producers (IOGP).

The reporting scope of the Sembcorp Marine Sustainability Report 2018 continues to be focused on the yards under the Group's operational control in Singapore (see page 343 of this publication), unless otherwise stated. These yards have the most significant impact on the Group's environmental, social, governance and economic indicators. The data reported relates to the financial year from 1 January to 31 December 2018. Within the Sustainability Report, the terms "Sembcorp Marine" and "Sembcorp Marine Ltd" are used interchangeably to reference operations and facilities in Singapore, except where indicated.

Frameworks		
SGX Sustainability Reporting Guidelines	Listing regulation from the Singapore Exchange	Index can be found on page 164
GRI Standards: Core option	An independent and voluntary global reporting framework developed from a multi-stakeholder approach. It is widely adopted by international entities including Sembcorp Marine's customers and governments, thus providing a common platform of evaluation	Index can be found on pages 165 - 170
United Nations Sustainable Development Goals	A set of global goals overseen by the United Nations Development Programme that serves as a universal call to end poverty, protect the planet, and ensure all people enjoy peace and prosperity	See pages 65 - 69 for alignment with Sembcorp Marine material issues
IPIECA / API / IOGP Oil and Gas Industry Guidance on Voluntary Sustainability Reporting	Issued by IPIECA, the global oil and gas industry association for environmental and social issues, API and IOGP, the framework has been extensively adopted by Sembcorp Marine's customers in the oil and gas sector	Refer to pages 165 - 170 for alignment with the indicators in the GRI Content Index

The scope of the Group's consolidated financial statements is separately detailed in the Notes to the Financial Statements on pages 205 - 331.

PricewaterhouseCoopers LLP continues its second year to undertake a limited assurance engagement in respect of selected sustainability information of Sembcorp Marine Ltd's Singapore operations. 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 Report on Sustainability Information on pages 171 - 172.

ACCESSIBILITY

Sembcorp Marine's Sustainability Report is published as part of the Annual Report as it provides shareholders and readers with a more holistic overview of the Group's sustainability, economic and business performance. The corporate website is also a repository for Sembcorp Marine's sustainability disclosures, which should be read in conjunction with the report.

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

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