

OUR APPROACH TO SUSTAINABILITY



Sembcorp Marine takes a long-term approach to creating value for our stakeholders. We aim to minimise our environmental impact and support our communities, while achieving positive financial performance, business growth and high standards of governance.

Our commitment to sustainability is anchored to our mission, vision and values, which are the guiding principles for our business conduct.

In the course of our regular materiality reviews³, we identified seven key material issues and set corresponding sustainability performance targets in 2017. Last year, we expanded our reporting scope beyond Singapore to include Indonesia and Brazil. While our sustainability performance is assessed by the Sembcorp Marine Sustainability Council, Senior Management Committee and Board Executive Committee, we also engage our global stakeholders regularly for their feedback.

MATERIAL ISSUES



Innovation & Solutions



Customer Alignment



Environmental Sustainability

2019 PERFORMANCE⁴

- Won Design-and-build 12,000-cubic-metre (cbm) LNG bunker vessel project
- Continued to market innovative gas terminal solutions (Gravifloat)
- Commercialised Semb-Eco IP
- Joined A*STAR's Industrial Internet-of-Things Innovation (I³) as a consortium member
- Achieved 24% of annual company turnover from sustainable products and solutions

- Delivered Sleipnir, the world's strongest dual-fuel semi-submersible crane vessel
- Secured order book of \$1.49 billion, with \$530 million relating to offshore gas, renewable energy and green technology retrofit projects
- Maintained 100% compliance with product safety and health
- Achieved 95% customer satisfaction for repair and upgrading projects
- Continued to protect customers' data

- Reduced 2,100 tCO₂e of carbon with operationalisation of the solar panels at Tuas Boulevard Yard (TBY)
- 100% contracted responsible procurement spend
- Achieved BCA Green Mark Gold status for new corporate office building at TBY
- Continuing efforts towards ISO 50001 certification
- No significant fines arising from non-compliance with environmental laws and regulations, and no significant oil spills

2020 TARGETS

- Continue to market gas value chain and floater solutions to secure new projects
- Continue to invest in research and development of safe and sustainable products and solutions and in R&D collaborations

- Continue to grow client base and secure projects in new market segments
- Maintain 100% compliance with product safety and health
- 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

- Continue to implement initiatives to reduce carbon footprint and mitigate climate change
- 100% contracted responsible procurement spend and business practices in line with Sembcorp Marine's sustainable procurement policy
- Achieve BCA Green Mark Gold Plus status at TBY
- Achieve ISO 50001 Energy Management System Certification for TBY

(3) Aligns with Global Reporting Initiative (GRI) Standards 101 (clause 1.3), 102-44, 102-46 and 102-47 on defining content and boundaries.

(4) 2019 Performance included reporting of our progress towards our 2025 targets. For more information, please refer to Sembcorp Marine's previously published Annual Report 2017, pages 71 to 73.

(5) For more details, please refer to page 47.



Business Growth

We actively address the values, needs and priorities of our stakeholders in managing our long-term growth and sustainability.



Environmental Sustainability

We mitigate our environmental impact by improving resource and operational efficiency, reducing our carbon footprint, and developing sustainable products and solutions.



Social Growth

We create positive impact on our communities and for our stakeholders through our business and corporate social responsibility activities.



Corporate Governance

We are committed to regulatory compliance, transparency, accountability and a proactive risk management culture with high ethical standards.



Sembcorp Marine aligns its programmes with 11 UN Sustainable Development Goals and other international frameworks relevant to the Group's business strategy. This is indicated in the subsequent sections on the seven material issues we have identified.

Human Capital

- Total investment in global employee training and development was \$4.7 million, equivalent to 1.13% of total payroll
- Achieved 45 training hours per employee globally

- Invest 3% of total payroll in workforce competencies and talent development
- Achieve 44 training hours over 5 training days per employee yearly

Total Workplace Safety & Health

- Accident Frequency Rate, Accident Severity Rate and Workplace Injury Rate at 0.56, 89.79 and 147.12 respectively²
- Achieved 100% participation rate for safety induction for all yard visitors

- Vision Zero incidence target
- Accident Frequency Rate, Accident Severity Rate and Workplace Injury Rate below national benchmarks
- 100% participation in safety induction for all yard visitors

Community Engagement

- Invested \$1.81 million in community activities
- Staff dedicated more than 10,000 hours to participate in community activities
- 895 students received School Book Assistance Grant (SchoolBAG) aid
- 1,000 participants from local and regional institutes in the Green Wave Environmental Care Competition

- \$2 million annual investment for community engagement
- Staff share 10,000 hours to participate in community activities
- Assist more than 1,000 students through yearly SchoolBAG programme
- Attract more than 1,200 students from local and regional institutes to participate in our annual Green Wave Environmental Care Competition

Business Integrity

- Active engagement with governance bodies and sustainability agencies
- Launched Compliance Awareness Week
- Received ISO 37001 Anti-bribery Management System (ABMS) certificate
- Ranked top 15% in SGTI 2019
- Maintained 100% compliance with codes of conduct by employees and suppliers
- Zero non-compliance with anti-competitive behaviour, anti-trust and monopoly policies

- Continuous collaboration with Global Compact Network Singapore (GCNS) on national industry sustainability capability building