

OPERATING A RESPONSIBLE BUSINESS

Sembcorp Marine upholds the highest standards of governance, transparency, accountability and ethics in all aspects of our operations. Our framework encompasses:

- Good Governance & Prudent Decision Making;
- Effective Enterprise Risk Management;
- Regulatory Compliance; and
- Business Integrity.

GOOD GOVERNANCE & PRUDENT DECISION MAKING

We recognise that our business activities have an impact on society and the environment. As a responsible corporate citizen, we have a comprehensive and integrated governance system of policies, practices and control measures to manage this impact. Our sustainability performance is assessed by the Sembcorp Marine Sustainability Council, Senior Management Committee (SMC) and the Board Executive Committee. Sembcorp Marine's Board of Directors is ultimately responsible and accountable for the Group's sustainability performance and reporting.

The Sustainability Council oversees the Group's sustainability performance. Led by the President & CEO, the Council is tasked with creating value for all our stakeholders by integrating economic, governance, social and environmental standards and responsibilities into the Sembcorp Marine approach to business.

The Council, comprising champions from various working groups, is responsible for formulating corporate sustainability strategies, policies and mitigation actions and for advancing sustainability opportunities. The Council reports to the SMC, which meets regularly to discuss major operational issues. The SMC reports on Sembcorp Marine's performance and targets at Board Executive Committee meetings.

The Sustainability Secretariat coordinates with the working groups to implement strategies, identify specific emerging issues and engage stakeholders. All Sembcorp Marine employees are encouraged to carry out the Group's sustainability efforts.

BOARD OF DIRECTORS

SEMBCORP MARINE SENIOR MANAGEMENT COMMITTEE

SUSTAINABILITY COUNCIL

Economic

Governance

Environment

Social

SECRETARIAT

SUSTAINABILITY WORKING GROUPS

*Corporate
Governance*

Economic

Environment

People

*Safety &
Health*

*Community
Engagement*

ALL STAFF

BOARD STATEMENT ON SUSTAINABILITY REPORT

- Sembcorp Marine's Board of Directors is committed to sustainability.
- The Board believes that the Sustainability Report 2019 provides a reasonable and clear presentation of the Company's sustainability strategy, in which seven material issues are determined and adopted under the four key sustainability dimensions.
- The Sustainability Council assists the Board in overseeing and monitoring the Company's sustainability initiatives.
- On behalf of the Sustainability Council, the Sustainability Secretariat provides regular updates at Board meetings on the Company's sustainability initiatives, challenges, targets and progress.
- The Sustainability Report 2019 is prepared in accordance with the SGX Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards: Core Option.



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Ranked
TOP 15%
 in SGTI¹⁶ 2019

EFFECTIVE ENTERPRISE RISK MANAGEMENT

Sembcorp Marine considers a wide range of risks and opportunities in its efforts to create value over the long term. We focus on a set of economic, environmental, social and governance topics that speak to our stakeholders' interests and which help us create and preserve value in our business. In particular, environmental issues are a growing concern.

In the 2019 Global Risk Report, extreme weather events and failure of climate-change mitigation and adaptation are the top three global risks in terms of likelihood and impact. We are paying greater attention to these risks, and addressing them through our sustainability targets. Our risk management

framework is structured to progressively meet our mid- and long-term targets, and ultimately reduce the negative impact of our operations and activities on society and the environment.

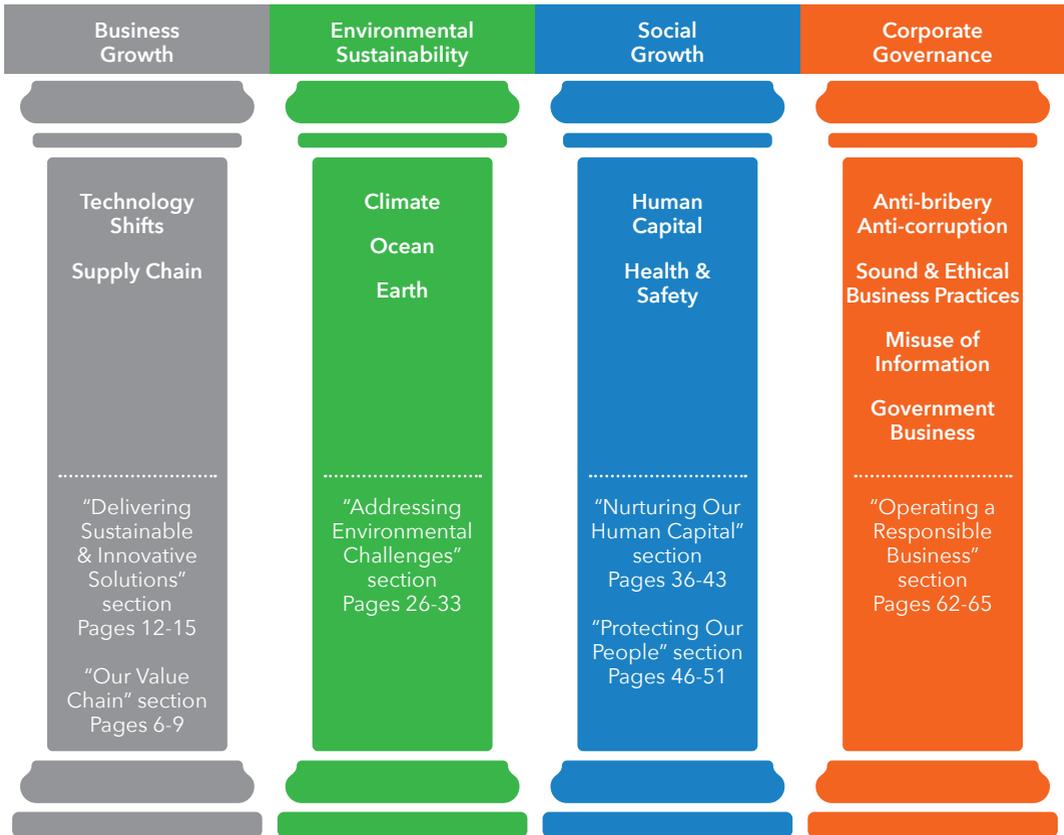
Risk Champions, appointed from various units, help the Enterprise Risk Management Committee (ERMC) drive key risk initiatives and review risk issues across the Group. The ERMC, also chaired by the President & CEO, reports to the Board Risk Committee.

Our Enterprise Risk Management (ERM) framework guides Management in dealing effectively with uncertainties and the associated risks in pursuing business opportunities.

(16) SGTI refers to Singapore Governance and Transparency Index

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KEY RISKS IN OUR FOUR SUSTAINABILITY DIMENSIONS



Find out more about our Corporate Governance and Risk Management Frameworks in the Sembcorp Marine Annual Report 2019

REGULATORY COMPLIANCE

As a multinational corporation, Sembcorp Marine must comply with local and cross-border laws, rules and regulations. Our employees, vendors and suppliers must also adhere to the Group's internal policies and procedures, and applicable standards of conduct.

We aspire to build and strengthen a culture of compliance, control and ethical conduct across the Group. To anticipate compliance risks, we

identify and assess emerging regulations and best practices regularly. We review and enhance our policies and perform compliance assurance activities to ensure that we are adhering to all regulatory requirements and practices. We provide our staff with compliance training and keep the Board and designated committees apprised of any compliance issues encountered and corresponding remedial measures.

2019 Compliance Accomplishment

NO incidents of non-compliance**NO** legal actions for anti-competitive behaviour, anti-trust, and monopoly practicesAwarded **ISO 37001** Anti-bribery Management System (ABMS) certificate**18** senior management attended the internal auditor trainingInaugural Compliance Awareness Week drew a total participation of **1,938** employees, **600** of whom attended talks by invited guests

BUSINESS INTEGRITY

Business integrity safeguards Sembcorp Marine's assets and reputation, and the long-term interests of our stakeholders. We adhere to the United Nations Global Compact's Anti-corruption Principle and do not tolerate fraud, bribery and corruption in our business dealings and operations¹⁷.

We perform our duties with honesty, dedication and respect for confidentiality. We value loyalty, trustworthiness and openness as essential personal attributes in our corporate culture. Our Code of Business Conduct applies to all directors, employees of related companies, and suppliers. It sets out the Group's core values and expectations regarding business ethics.

Our Anti-bribery & Anti-corruption policies and procedures are communicated to **ALL** our directors, employees and suppliers

Our vision is to achieve **100%** global workforce participation in our Anti-bribery and Anti-corruption e-learning

Achieved today: **6,855** employees (**63.8%**)

Of the 6,855 employees who took the Anti-bribery and Anti-corruption e-learning,

3,623 were executives and **3,232** were non-executives

6,444 are from Singapore

263 are from Brazil

32 are from Indonesia

116 are from the rest of the world¹⁸

(17) On Feb 20, 2020, the court of Brazil convicted Mr Guilherme Esteves de Jesus for corruption and money laundering in relation to certain drilling rig construction contracts entered into by subsidiaries of Sembcorp Marine with Sete Brasil in 2012. Mr de Jesus is connected to the consultant engaged by the Company's subsidiaries to advise on the drilling unit construction contracts for subsidiaries of Sete Brasil. Mr Martin Cheah Kok Choon, ex-President of Sembcorp Marine's Brazilian subsidiary Estaleiro Jurong Aracruz, is also charged with money laundering and corruption related to the same contracts. Sembcorp Marine is not aware of any other employee, past or present, who is a subject of the ongoing investigations by the Brazilian authorities. For more information, please refer to our announcements on the matter at www.sembmarine.com.

(18) Rest of the world includes Norway, USA, Malaysia, Poland, France and United Kingdom.