

PROACTIVE SUPPLY CHAIN MANAGEMENT FOR BUSINESS CONTINUITY



The global disruptions caused by the COVID-19 pandemic in 2020 highlighted the importance of a sustainable and resilient supply chain that is enabled by robust digital procurement platforms and solutions.

Supply chain disruptions arising from pandemic control measures and restrictions by governments impacted business activities, receipt of goods and services, and global transportation routes. This had affected the ability of suppliers to manufacture, distribute and deliver materials, equipment packages, consumables and services from and to pandemic-affected areas. Limitations to manufacturing capabilities also caused uncertainties in production, price and market availability.

In this volatile supply chain environment, Sembcorp Marine responded proactively to address the impacts and implemented risk mitigations where needed.

Building on robust sustainability processes in our supply chain management framework, we implement strategies to mitigate disruptions, ensure business continuity and maintain competitiveness. Digital platforms and technologies are also deployed for procurement process continuity and interface with partners and stakeholders.

SUPPLY CHAIN

Safeguarding against supply chain disruption risks

We proactively monitor the supply and pricing of key materials, equipment and consumables as well as sourcing restrictions imposed by government authorities to identify potential risks in our supply chain.

As part of our strategy to buffer against supply chain disruptions, we deploy strategic frame agreements with key suppliers to secure essential supplies for our operations.

Our global supply network enables access to diversified procurement channels and sources in different geographies, enabling us to meet shipping and trade restrictions. We also partner local suppliers to leverage their local inventory and supply sources.

We work closely with authorities to ensure uninterrupted supply of essential services — such as waste treatment, freight forwarding, shipping-related logistics and maintenance services for our operations.



Enabling and deploying strategic sourcing arrangements with key suppliers from diverse sources to mitigate disruptions

Upholding high levels of compliance standards

We continue our due diligence and actively monitor suppliers' financial health and their ability to deliver to specifications and comply with our sustainability requirements and codes of conduct. This is especially important when alternative suppliers or geographical sources are used.

Quality assurance on suppliers' production and factory acceptance tests (FAT) are conducted via remote video surveillance solutions to ensure continued compliance to technical requirements and industry standards.

These solutions enable us to uphold consistent standards of compliance and to meet emergent regulatory restrictions imposed by different countries' authorities in challenging operating conditions.



Supplier surveillance and audit via remote inspections arrangements

MANAGEMENT FRAMEWORK

Engaging and collaborating with stakeholders

Managing a sustainable and resilient supply chain requires close engagement and collaboration with our stakeholders, especially during periods of disruptions.

We engage our suppliers to closely monitor the availability of key materials, equipment and consumables to identify possible disruption points in the supply chain.

Recovery plans are developed to mitigate areas of supply and delivery disruptions to our project and production processes.

We also support our suppliers to help them address their operational challenges, share pandemic response best practices and manage sourcing restrictions in compliance with authorities.



Vendors sharing new technologies and product innovations via virtual technical meetings

Integrating digital procurement processes

To ensure business continuity and operational resilience, we leverage digital procurement platforms for supplier interfacing, sourcing and management. These platforms allow for effective control as well as secure procurement processes and transactions to be carried out away from physical workspaces.

In line with COVID-19 safety measures, we utilise remote inspection solutions and video conferencing for supplier engagement, audits and business meetings. We also conduct supplier performance surveillance and monitoring through our digital platforms.



Leveraging established procurement digital platforms for interfacing with supply chain partners

Ensuring optimal inventory levels

We closely track our inventory flows, delivery and deployment of materials, equipment and consumables for ongoing projects in our yards.

We actively monitor and replenish our inventory levels with adequate buffer as well as standby contingency supply sources to ensure continuity of our operations.

Optimisation of inventory is especially important to address evolving and dynamic project and production supply requirements. Where necessary, we establish advance delivery plans with strategic vendors to ensure timely and reliable supplies to meet critical project requirements.



Monitoring of inventory flows for tight inventory supply and replenishment management