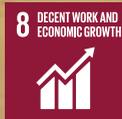




# OPERATING A RESPONSIBLE BUSINESS

A ROBUST GOVERNANCE STRUCTURE FOR AN ETHICAL AND RESILIENT BUSINESS

High standards of corporate governance are essential in sustaining the Group's businesses and performance. We work closely with our stakeholders in meeting stringent compliance in all areas.



## OPERATING A RESPONSIBLE BUSINESS

Sembcorp Marine upholds the highest standards of governance, transparency, accountability and ethics in all aspects of our operations. Our corporate governance 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, processes and control measures to manage this impact. Our sustainability

performance is governed 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, environmental, social and governance standards and responsibilities into the Sembcorp Marine approach to business.

The Council, comprising sustainability champions from various working

groups, is responsible for advancing Sembcorp Marine’s sustainability opportunities, and managing our environmental and social impacts through formulating corporate sustainability strategies, policies and mitigation actions. The Council reports to the SMC, which meets regularly to discuss major operational issues. The SMC reports Sembcorp Marine’s performance and targets at our 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 expected to uphold the Group’s sustainability efforts.





### **BOARD STATEMENT ON SUSTAINABILITY REPORT**

- Sembcorp Marine's Board of Directors is committed to sustainability;
- The Board believes that the Sustainability Report 2020 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; and
- The Sustainability Report 2020 is prepared in accordance with the SGX-ST Sustainability Reporting Guide and the Global Reporting Initiative Standards: Core Option.

### **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 help us create and preserve value in our business. In particular, environmental issues and climate-related risks have been identified in Sembcorp Marine's enterprise risk management matrix.

In the World Economic Forum (WEF) Global Risk Report 2020, extreme weather events and climate action failures are the top two 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.

To address growing stakeholder interests and concerns around climate change, Sembcorp Marine identifies, assesses and manages climate-related risks and opportunities following the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). Please refer to pages 34 to 35 in the "Environmental Sustainability" section for more information on how Sembcorp Marine addresses the key TCFD elements of Governance, Strategy, Risk Management, and Metrics and Targets.

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.

For more information on Sembcorp Marine's risk management practices, please refer to pages 68 to 75 of our FY2020 Annual Report.

## OPERATING A RESPONSIBLE BUSINESS

### REGULATORY COMPLIANCE

As a multinational corporation, Sembcorp Marine complies 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 codes 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. Sembcorp Marine has developed and implemented a set of tax policies with a focus on compliance and transparency. We commit to complying with tax laws in all jurisdictions where we operate, and aspire to uphold high standards of tax fairness and align our tax practices with the spirit of the law. Please refer to page 161 of our FY2020 Annual Report for more information on Sembcorp Marine's tax expenses.

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

### 2020 Highlights



**NO** material incidents of non-compliance



**ZERO** legal actions for anti-competitive behaviours, anti-trust, and monopolistic practices



Successfully completed **surveillance audit for ISO 37001** Anti-bribery Management System certification



Sembcorp Marine documents all our policies and procedures in our internal Dolphin Manual which is made available to all employees through the Company's intranet.

**BUSINESS INTEGRITY**

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

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.

In operations, we identify and assess corruption risks and implement stringent procedures to manage business processes (e.g. engaging suppliers, contractors, and intermediaries and agents who act as representatives of Sembcorp Marine) for which the corruption risks are assessed to be high. With support from designated committees, the Board of Directors oversees and approves Sembcorp Marine’s Code of Business Conduct and Anti-bribery Compliance policies.

Sembcorp Marine regularly reviews the effectiveness of our Code of Business Conduct and Anti-bribery & Anti-corruption policies as part of our ISO 37001-certified Anti-bribery Management System.

To further promote business integrity among our employees, in 2020, Sembcorp Marine updated our e-learning training modules on business integrity, anti-bribery and anti-corruption topics to align with ISO 37001 Anti-bribery Management System standard. In 2020, we conducted 6,819 hours of compliance training for 6,512 employees, covering topics such as laws and regulations, mitigating potential risks, responsibilities and obligations.

Following our successful certification of ISO 37001 in 2019, Sembcorp Marine completed a follow-up surveillance audit in 2020 for our operations in Singapore. Our Aracruz yard in Brazil has also successfully received the ISO 37001 Anti-bribery Management System certification in early 2021.



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: **6,334** employees (**66.1%**)

Of the **6,334** employees who took the Anti-bribery and Anti-corruption e-learning,

**3,566** were executives and **2,768** were non-executives

**5,849** are from Singapore

**266** are from Brazil

**109** are from Indonesia

**110** are from the rest of the world<sup>20</sup>

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