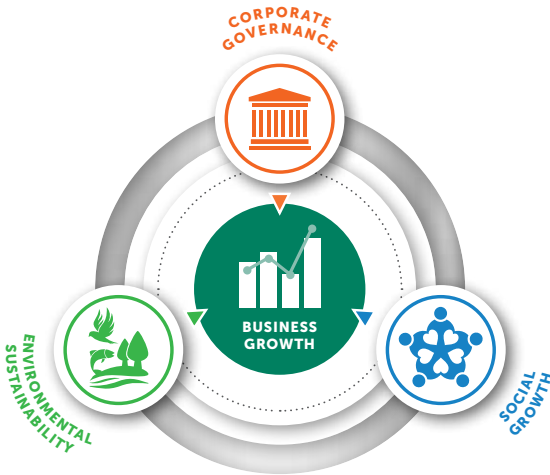


# OUR APPROACH TO SUSTAINABILITY



Sembcorp Marine takes a long-term approach in creating value for our stakeholders. We are committed to minimising our negative environmental impact and supporting our communities, while achieving positive financial performance, business growth and high standards of governance.

Our commitment to sustainability is anchored in our Mission, Vision, and Core Values, which are the guiding principles for our business conduct.

Our sustainability strategy focuses on four key dimensions, namely: Business Growth, Environmental Sustainability, Social Growth and Corporate Governance.



### 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.



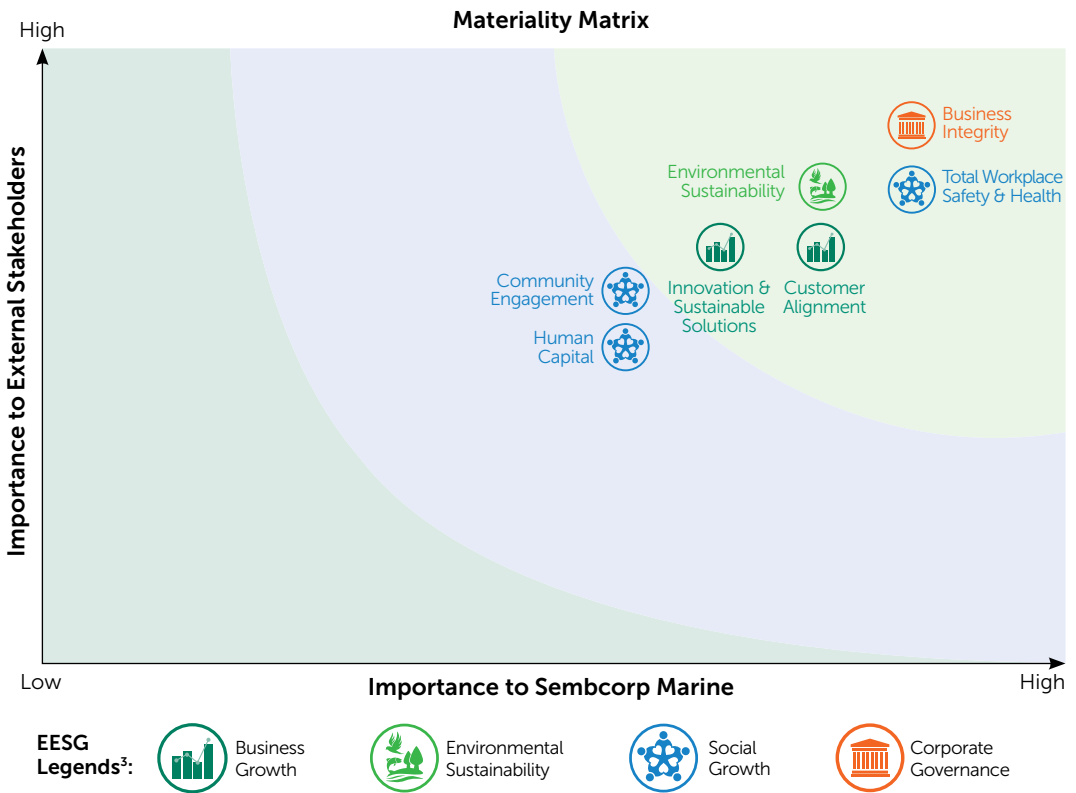
### Corporate Governance

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 which we have identified.



In 2020, we conducted an internal materiality review<sup>2</sup> with our sustainability champions. The review confirmed that our current list of seven material topics remain relevant to Sembcorp Marine and our stakeholders. We used a materiality matrix to assess the relative importance and priority of our material topics. Based on inputs from both internal and external stakeholders, there is an increasing importance of Innovation & Sustainable Solutions and Environmental Sustainability while Business Integrity and Total Workplace Safety and Health remain the most important material topics for the Group.






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

(3) EESG refers to Economic, Environmental, Social and Governance.





# OUR SUSTAINABILITY VISION 2025

We established a set of quantitative and qualitative targets for our material sustainability topics in our Annual Report 2017. As we cross the first landmark in our target timeline in 2020, we took stock of our performance and refreshed our ambitions for the next five years.

	 <b>INNOVATION &amp; SUSTAINABLE SOLUTIONS</b>	 <b>CUSTOMER ALIGNMENT</b>	 <b>ENVIRONMENTAL SUSTAINABILITY</b>
<b>2020 PERFORMANCE</b>	<ul style="list-style-type: none"> <li>Achieved 26% of annual company turnover from sustainable products and solutions</li> <li>Continuing efforts to innovate strategically and proactively in new and disruptive technologies</li> <li>Inked a Master Research Collaboration Agreement with Singapore's Agency for Science, Technology and Research (A*STAR) to jointly pursue innovation in Digital Design and Advanced Manufacturing</li> <li>Completed the LNG collaboration with A*STAR Institute of High Performance Computing and American Bureau of Shipping</li> </ul>	<ul style="list-style-type: none"> <li>Actively tendering for more projects in the greener energy market segments, such as renewable energy and gas solutions, and a similar number for the process solutions segment</li> <li>Maintained 100% compliance with product safety and health</li> <li>Achieved 88% customer satisfaction for repair and upgrading projects</li> <li>Continued to protect customers' data</li> <li>Proactively explore joint development of green energy initiatives with customers</li> </ul>	<ul style="list-style-type: none"> <li>Avoided 2,190 tCO<sub>2</sub>e of carbon emissions through the solar panels at Tuas Boulevard Yard (TBY)</li> <li>No significant fines arising from non-compliance with environmental laws and regulations, and no significant oil spills</li> <li>100% contracted responsible procurement spend</li> <li>Established our Climate Protection Programme 2025</li> <li>Continuing efforts towards ISO 50001 Energy Management System certification</li> <li>Working towards integrating TCFD recommendations</li> </ul>
<b>2020 TARGETS</b>	<ul style="list-style-type: none"> <li>Continue to market gas value chain and floater solutions and secure new projects</li> <li>Continue to invest in research and development of safe and sustainable products and solutions and in Research and Development (R&amp;D) collaborations</li> </ul>	<ul style="list-style-type: none"> <li>Continue to grow client base and secure projects in new market segments</li> <li>Maintain 100% compliance with product safety and health</li> <li>Maintain above 90% customer satisfaction in all projects</li> <li>Maintain 100% quality, health, safety and environmental certifications</li> <li>Maintain high standards of customer security and data privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Continue to implement initiatives to reduce carbon footprint and mitigate climate change</li> <li>100% contracted responsible procurement spend and business practices in line with Sembcorp Marine's sustainable procurement policy</li> <li>Achieve Building Construction Authority (BCA) Green Mark Gold Plus status at TBY<sup>4</sup></li> <li>Achieve ISO 50001 Energy Management System Certification for TBY</li> </ul>
<b>2025 TARGETS</b>	<ul style="list-style-type: none"> <li>Achieve 30% of annual company turnover generated from sustainable product solutions</li> </ul>	<ul style="list-style-type: none"> <li>Achieve 100% compliance with product safety and health requirements</li> <li>Maintain above 95% customer satisfaction in all projects</li> </ul>	<ul style="list-style-type: none"> <li>Zero harm to environment</li> <li>100% contracted procurement spend in compliance with Sembcorp Marine's Code of Business Conduct and Supplier Code of Conduct</li> </ul>

(4) For more information, please refer to pages 30 and 31 of our Sustainability Report 2019.

Our strong sustainability performance has enabled us to secure our first green financing in March 2021. The \$500 million facility is believed to be the first sustainability-linked loan for the maritime industry which references the Singapore Overnight Rate Average (SORA). Through this green loan, the ongoing achievement of our sustainability targets will allow the Group to benefit from interest cost savings which will contribute to our sustainable growth.

 <p><b>HUMAN CAPITAL</b></p>	 <p><b>TOTAL WORKPLACE SAFETY &amp; HEALTH</b></p>	 <p><b>COMMUNITY ENGAGEMENT</b></p>	 <p><b>BUSINESS INTEGRITY</b></p>
<ul style="list-style-type: none"> <li>Total investment in global employee training and development was \$2.60 million, equivalent to 0.73% of total payroll</li> <li>Achieved 16.06 training hours per employee globally</li> </ul>	<ul style="list-style-type: none"> <li>Accident Frequency Rate, Accident Severity Rate and Workplace Injury Rate at 0.64, 155.12 and 110.31 respectively<sup>5</sup></li> <li>Achieved 100% participation rate for safety induction for all yard visitors</li> </ul>	<ul style="list-style-type: none"> <li>Invested \$1.70 million in community programmes</li> <li>Staff dedicated more than 7,200 hours to participate in community programmes</li> </ul>	<ul style="list-style-type: none"> <li>Active engagement with governance bodies and sustainability agencies</li> <li>Maintained 100% compliance with codes of conduct by employees and suppliers</li> <li>No material incidents of non-compliance</li> <li>100% compliance with anti-competitive behaviour, anti-trust and monopoly policies</li> <li>Successfully completed surveillance audit for ISO 37001 Anti-bribery Management System (ABMS) certification</li> </ul>
<ul style="list-style-type: none"> <li>Invest 3% of total payroll in workforce competencies and talent development</li> <li>Achieve 44 training hours or over five training days per employee yearly</li> </ul>	<ul style="list-style-type: none"> <li>Vision Zero Incidence Goal</li> <li>Accident Frequency Rate, Accident Severity Rate and Workplace Injury Rate below national benchmarks</li> <li>100% participation in safety induction for all yard visitors</li> </ul>	<ul style="list-style-type: none"> <li>\$2 million annual community investment</li> <li>Staff share 10,000 hours to participate in community activities</li> <li>Assist more than 1,000 students through SchoolBAG programme</li> <li>Attract more than 1,200 students from local and regional institutes to participate in Green Wave Environmental Care Competition</li> </ul>	<ul style="list-style-type: none"> <li>Continuous collaboration with Global Compact Network Singapore (GCNS) on national industry sustainability capability building</li> </ul>
<ul style="list-style-type: none"> <li>3% of total payroll as investment for workforce competencies and talent development</li> <li>40 training hours or five training days per employee per year</li> <li>Build a diverse and inclusive workplace</li> </ul>	<ul style="list-style-type: none"> <li>Vision Zero Incidence Goal</li> <li>Workplace Injury Rate below national benchmarks</li> </ul>	<ul style="list-style-type: none"> <li>\$2.50 million of annual investment for community engagement</li> <li>20,000 hours of participation in community projects and volunteering activities by employees</li> </ul>	<ul style="list-style-type: none"> <li>Uphold the standard of corporate governance disclosures</li> <li>Manage risks of the Group holistically and prudently within ambit of its risk appetite, safeguard assets and shareholders' interests, as well as comply with applicable laws</li> <li>Uphold the Group's zero tolerance policy towards fraud, bribery and corruption</li> </ul>

(5) For more details, please refer to page 51.