



sembcorp
marine

ENVISION TRANSFORM SYNERGISE

Sembcorp Marine Ltd Annual Report

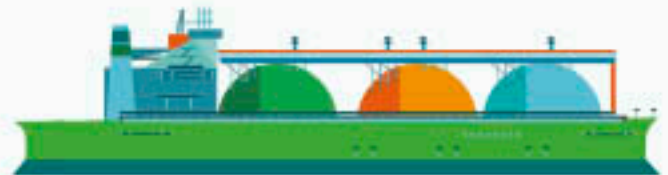
2015



RIGS & FLOATERS



OFFSHORE PLATFORMS



REPAIRS & UPGRADES



SPECIALISED SHIPBUILDING

Corporate Profile

Sembcorp Marine provides innovative engineering solutions to the global offshore and marine industry. Drawing upon more than 50 years of track record and an extensive network of facilities and expertise, the Group focuses on four key capabilities, namely, Rigs & Floaters; Repairs & Upgrades; Offshore Platforms and Specialised Shipbuilding.

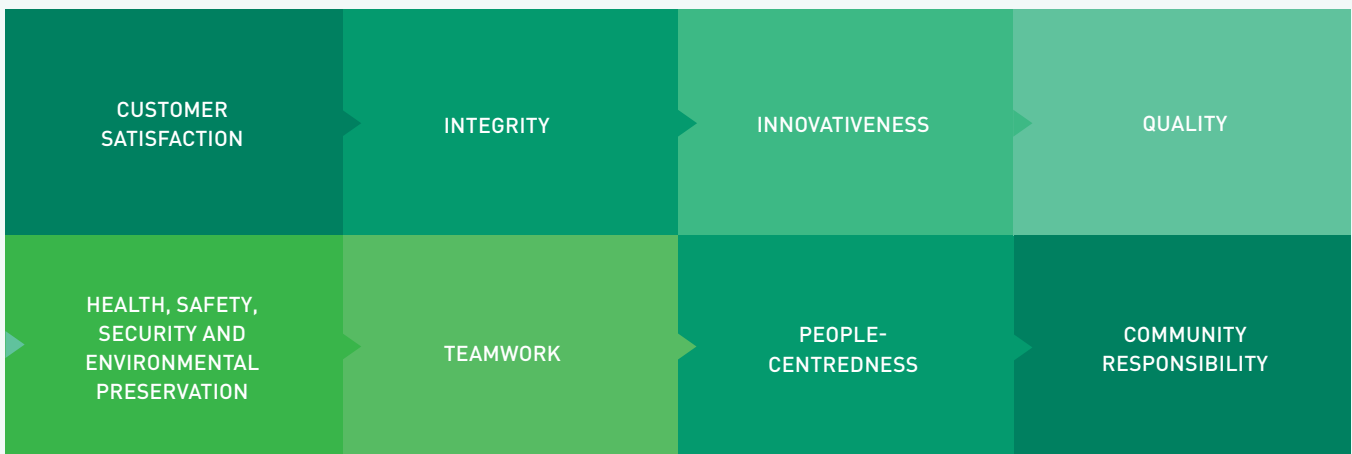
Sembcorp Marine's customers include major oil companies, drilling contractors, shipping companies as well as owners and operators of floating production units.

By delivering innovative solutions that often redefine the possibilities of offshore and marine technology, Sembcorp Marine achieves successful outcomes for its customers regardless of the scale, complexity and location of the projects.

Vision & Mission

Sembcorp Marine aims to be the world leader in ship repair, shipbuilding, ship conversion, rig building and offshore engineering & construction, providing innovative solutions that exceed its customers' expectations. While anchoring itself for sustainable growth, the Group is committed to fulfilling the changing needs and aspirations of its employees.

Core Values



2015 Highlights



TURNOVER
FY2015
\$4.97b

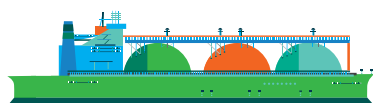
Transformation into

1
**ONE BRAND,
ONE COMPANY**
for future growth

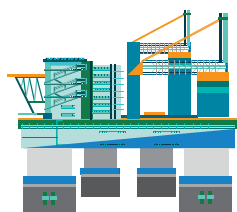
6

cents
Total dividend
per ordinary share

34



**LNG VESSEL REPAIR & UPGRADE
projects in a single year**



approx.

US\$1b
Contract to build
**world's largest semi-submersible
crane vessel**

>US\$1b



CONTRACT TO BUILD 3 TOPSIDES
for Culzean Field Development

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ENVISION

TRANSFORM

SYNERGISE

AS ONE COMPANY

We aspire to move up the global offshore and marine engineering value chain

**A LEADING GLOBAL
OFFSHORE & MARINE
ENGINEERING GROUP**

STRATEGIC PRESENCE IN:

INDONESIA

USA

INDIA

BRAZIL

UK

PROVEN TRACK RECORD

>50

YEARS



HEADQUARTERED IN

SINGAPORE

4 KEY CAPABILITIES:

- **RIGS & FLOATERS**
- **REPAIRS & UPGRADES**
- **OFFSHORE PLATFORMS**
- **SPECIALISED SHIPBUILDING**

OUR INTEGRATED GLOBAL PLATFORM



OUR INTEGRATED GLOBAL PLATFORM

TUAS BOULEVARD YARD



TANJONG KLING YARD



ADMIRALTY YARD



PANDAN YARD TUAS CRESCENT YARD



BENOI YARD TUAS ROAD YARD



SIGNIFICANT EVENTS

January

15th

Delivery of Safe Boreas, a harsh-environment accommodation semi-submersible rig built by Sembcorp Marine for Prosafe

16th

Strike steel of two Very Large Crude Carriers (VLCCs) – Kaombo Norte and Kaombo Sul – to be converted by Sembcorp Marine for Saipem



01. Green Wave Environmental Care Competition

19th

12 Years of Championing Green Awareness: Sembcorp Marine promotes environmental sustainability to students through the Green Wave Environmental Care Competition

22nd

Delivery of Impetus, a proprietary Pacific Class 400 design jack-up rig built by Sembcorp Marine for Oro Negro

February

3rd

Naming of Safe Zephyrus, a harsh-environment accommodation semi-submersible rig built by Sembcorp Marine for Prosafe

8th

Launch of Supremus, a proprietary Pacific Class 400 jack-up rig built by Sembcorp Marine for Oro Negro



02. Naming of Safe Zephyrus

9th

Delivery of Hakuryu 12, a proprietary Pacific Class 400 design jack-up rig built by Sembcorp Marine for BOT Lease

12th

Announced financial results for financial year ended 31 December 2014. FY2014 Net Profit increased to \$560 million

16th

Strike steel of Dudgeon Offshore Wind Farm's substation platform, to be built by Sembmarine SLP for Dudgeon Offshore Wind Ltd.

SIGNIFICANT EVENTS

March

April

13th
-19th

Sembcorp Marine participates in Cruise Shipping Miami 2015, a leading international exhibition and conference serving the cruise industry

26th

Strike steel of FPSO Pioneiro de Libra, a floating production storage and offloading vessel (FPSO) converted by Sembcorp Marine for OOGTK



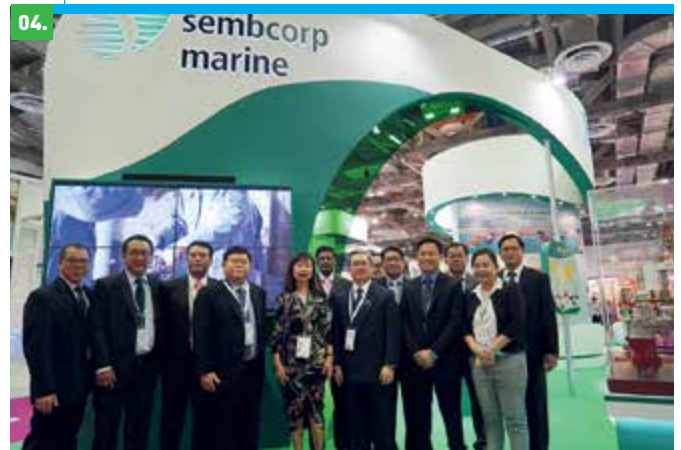
03.
FPSO Pioneiro de Libra strike steel

17th

Annual General Meeting:
All resolutions passed

21st
-23rd

Participation in Sea Asia 2015,
a leading maritime conference
and exhibition held in Singapore



04.
Sea Asia 2015

27th

Sembcorp Marine honours the late Mr Lee Kuan Yew, Founding Prime Minister of Singapore, in Tribute Ceremony

30th

Sembcorp Marine secures an exclusive Letter of Intent from Heerema for the engineering and construction of a new semi-submersible crane vessel (NSCV)

22nd

Sembcorp Marine secures an FSO conversion contract worth \$56 million from Teekay Offshore Partners for deployment in the North Sea

30th

Delivery of Q5000, a semi-submersible well-intervention rig built by Sembcorp Marine for Helix Energy Solutions

May

June

4th
-7th

Sembcorp Marine unveils latest developments in its Transformation journey at Offshore Technology Conference (OTC) 2015, the world's leading oil and gas industry exhibition held in Houston, United States

2nd
-5th

Participation in Nor-Shipping 2015, a leading tradeshow for Europe's shipping and maritime community, held in Oslo, Norway

29th

Incorporation of two Sembcorp Marine subsidiaries, Sembcorp Marine Integrated Yard Pte. Ltd. and Sembcorp Marine Rigs & Floaters Pte. Ltd.



05. Offshore Technology Conference 2015

06. Nor-Shipping 2015

SIGNIFICANT EVENTS

July

1st

Sembcorp Marine transforms into a global integrated company

15th

Sembcorp Marine signs construction contract with Heerema to build the world's largest new semi-submersible crane vessel (NSCV)

Keel-laying of Hakuryu 14, a proprietary Pacific Class 400 jack-up rig built by Sembcorp Marine for BOT Lease

07.



07.

Heerema contract signing

August

6th

Strike steel of Bumi Armada Topside Modules by Sembcorp Marine for Armada Madura EPC Ltd.

11th

Sembcorp Marine celebrates Singapore's 50 Years of nation-building and economic progress at Observance Ceremony

08.



08.

National Day Observance Ceremony

27th

Launch of Noble Lloyd Noble, a Gusto MSC CJ70 design jack-up rig built by Sembcorp Marine for Noble Drilling Holding LLC

September

1st

Semcorp Marine secures an EPC contract to build three topsides for the Culzean field development in the UK North Sea

30th

Naming of Prof. John Evans Atta Mills, an FPSO conversion completed by Semcorp Marine together with MODEC, for Tullow Oil



09.

Naming of FPSO Prof. John Evans Atta Mills

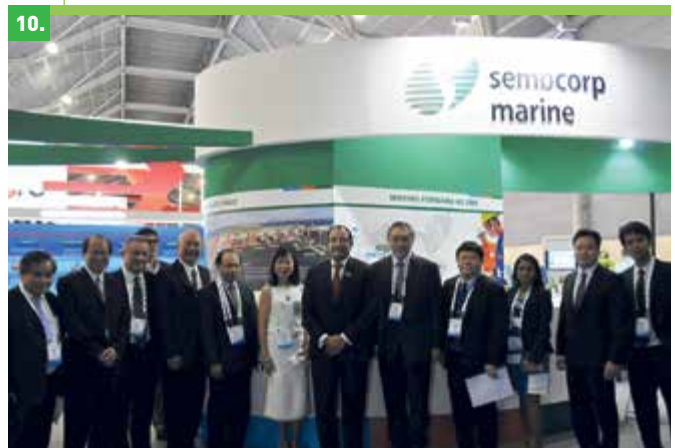
October

18th

Launch of Hercules Highlander, a Friede & Goldman JU 2000E design jack-up rig built by Semcorp Marine for Hercules Offshore, following its keel-laying in March

27th
-30th

Semcorp Marine participates in Gastech 2015, the world's premier natural gas conference and exhibition held in Singapore



10.

10.

Gastech 2015

SIGNIFICANT EVENTS

November

3rd

Sembcorp Marine opens state-of-the-art Steel Structure Fabrication Workshop at Tuas Boulevard Yard

16th

Sembcorp Marine completes upgrading of Pacific Eden and Pacific Aria for P&O Cruises (Australia), bringing the total number of cruise ship refits and refurbishments to 12 in 2015



11.

11. Steel Structure Fabrication Workshop Opening

December

8th

Sembcorp Marine rewrites record for highest number of LNG ship repair and upgrade projects (34) in a single year



12.

12. LNG ship repairs and upgrades

18th

Sembcorp Marine secures contract to design and build a new Floating Storage and Offloading vessel (FSO) for MODEC

Sembcorp Marine School Book Assistance Grant (SchoolBAG) marks 15 years of supporting needy students; over 17,500 have benefited from \$3.6 million cumulative financial aid since 2001

AWARDS AND ACCOLADES

Business Excellence



01.
MPA Singapore International Maritime Awards 2015

MPA Singapore International Maritime Awards 2015 – Offshore & Marine Engineering Award

Recognition of Sembcorp Marine’s significant contributions towards the development of Singapore’s offshore and marine engineering sector

Singapore Business Review (SBR) Listed Companies Awards & International Business Awards 2015 – Offshore & Marine Engineering Award

Recognition of Sembcorp Marine’s practices and innovative projects



02.
SBR Listed Companies Awards & International Business Awards 2015

Corporate Governance and Transparency

Governance and Transparency Index 2015 by CGIO NUS, CPA Australia and Business Times – Ranked 8th position

Recognition of Sembcorp Marine’s financial transparency and disclosure

Safety, Health and Innovation

Shell Shipping & Maritime – Outstanding Health, Safety and Environment (HSE) Performance Award

Shell’s “Best of the Best” award recognises Sembcorp Marine Admiralty Yard for outstanding performance in HSE practices while supporting Shell’s shipping & maritime activities

SSWG Merit Award

Conferred by the Safety and Security Watch Group in recognition of Sembcorp Marine Tanjong Kling Yard’s community safety and security efforts

BizSAFE Partner Award 2015

Accorded by the WSH Council to Sembcorp Marine’s PPL Shipyards for its dedication to good workplace safety and health practices



03.
BizSAFE Partner Award 2015

AWARDS AND ACCOLADES

WSH Awards 2015 organised by the WSH Council, Ministry of Manpower, and supported by the WSH Institute

The WSH Performance Award recognises organisations that have performed well in Workplace Safety and Health through the implementation of sound safety and health management systems or processes.

The WSH Innovation Award is presented for efforts in providing innovative solutions that improve safety and health standards in the workplace.

The WSH Supervisor Award honours supervisors who take care of workers under their charge by improving the safety and health performance in their workplaces.

The Safety and Health Award Recognition for Projects (SHARP) category recognises projects with good HSE performance and programmes at a project level.

WSH Performance Award (Silver)

Sembcorp Marine Tuas Road Yard

Sembcorp Marine Benoi Yard

Sembcorp Marine Pandan Yard (PPL Shipyard Pte Ltd)

P2040 Impetus • P2041 Vastus • P2043 Perisai Pacific 102

• P2045 Animus • P2046 Supremus • P2047

SHARP Awards

Sembcorp Marine Tanjong Kling Yard

FPSO TEN Development Project • NS Arpodor • NS Camburi • NS Guarapari • Noble Lloyd Noble • Noble Sam Hartley • Noble Tom Prosser • Ocean Apex • Q5000 • Q7000 • Safe Boreas • Safe Zephyrus • West Rigel

Sembcorp Marine Tuas Crescent Yard (PPL Shipyard Pte Ltd)

P2050 Hakuryu-12 • P2053 Iron V

WSH Award for Supervisors

Mr Marimuthu Nadaras

Mr Shamimul Islam Late Md Rezaul Karim

WSH Risk Management Award

Sembcorp Marine Tanjong Kling Yard

Kiat Seng Engineering (Resident Contractor)

WSH Innovation Awards

Sembcorp Marine Tuas Boulevard Yard

Ostium

WSH Innovation Awards from ASMI

Gold Awards

Sembcorp Marine Admiralty Yard (Dynamic Seahorse)

Sembcorp Marine Tuas Road Yard (Seapro Safety Innovation)

Silver Awards

Sembcorp Marine Tanjong Kling Yard

(Highlander • JOM Safety Samurai)

Bronze Award

Sembcorp Marine Admiralty Yard (Stackers)

04.



04.

Winning teams and representatives from Sembcorp Marine Tanjong Kling and Tuas Boulevard Yards

Sembcorp Marine Admiralty Yard

Banyu Urip EPC4 Project • BP Alliance Refit Projects 2014 • Kaombo Norte FPSO Conversion

05.



05.

PPL Shipyard's Projects, Safety and Production teams and senior management representatives at the award ceremony

06.



06.

Winning teams from Sembcorp Marine Admiralty Yard

RIGS & FLOATERS

CONTRIBUTION TO TOTAL
TURNOVER

\$3.32

billion

REPAIRS & UPGRADES

CONTRIBUTION TO TOTAL
TURNOVER

\$557

million

OFFSHORE PLATFORMS

CONTRIBUTION TO TOTAL
TURNOVER

\$1.02

billion

OTHER ACTIVITIES

CONTRIBUTION TO TOTAL
TURNOVER

\$76

million



ENVISION
TRANSFORM
SYNERGISE

AS ONE BRAND

We are ready to take on the challenges and opportunities in the fast-changing and increasingly complex business environment

CHAIRMAN AND CEO'S STATEMENT



Tan Sri Mohd Hassan Marican
Chairman

“

Despite the tough environment in 2015, the Group secured \$3.17 billion in new orders, mainly for non-drilling solutions. This underlines our ongoing strategy of diversifying beyond rig-building. ”

“

We have laid the foundations for our future growth through our investments in hard and soft infrastructure, and are ready to capitalise on opportunities when the market recovers. ”



Wong Weng Sun
President & CEO

CHAIRMAN AND CEO'S STATEMENT

DEAR SHAREHOLDERS,

The year 2015 was a difficult and challenging year for the Group. The continued decline in oil prices in 2015 resulted in significant reduction of capital expenditure (capex) by the oil companies. Economic slowdown and political uncertainties added to the volatility of oil prices. The resulting contagion effect on the entire exploration and production value chain has been swift and severe. Offshore & Marine engineering companies around the world were faced with challenges of replenishing their order books and deferment or cancellation of their existing orders. Sembcorp Marine's performance had also been impacted.

Despite the tough environment in 2015, the Group secured \$3.17 billion in new orders, mainly for non-drilling solutions. This underlines our ongoing strategy of diversifying beyond rig-building.

FINANCIAL PERFORMANCE

The Group's overall financial performance remains reasonably robust despite the challenging business environment.

Group revenue was \$4.97 billion for the year ended 31 December 2015, compared with \$5.83 billion in FY2014. Revenue for Rigs & Floaters was \$3.32 billion for the year, a 21% decline from

\$4.21 billion in FY2014. Revenue for Repairs and Upgrades declined 10% to \$557 million from \$622 million despite an increase in the number of ships repaired, due to lower average revenue per vessel. Offshore Platforms revenue, which increased by 10% from \$925 million to \$1.02 billion, helped offset the decline in the other business segments.

Net Profit was \$384 million for FY2015, compared with \$560 million for FY2014. After Impairments, Provisions and Share of loss in associates & joint ventures and Non-operating items, the Group incurred a Net Loss of \$290 million for the year.

NEW ORDERS SECURED

\$3.17 billion

Sete Brasil

In our last quarterly update, we highlighted that Brazil remained fraught with political and economic uncertainty. A crisis of confidence in the country has led to a worse-than-expected economic recession and sovereign credit downgrade.

Sembcorp Marine had secured seven drillship contracts in 2012 from Sete Brasil. These drillships are in various stages of completion. To date, we have been paid a total of approximately \$2.70 billion, progressively for work done, before the payments stopped in November 2014. In light of the payment stoppage, during the course of 2015, we had taken measures to minimise our exposure by significantly slowing down

construction; focusing on the four more advanced units mainly to preserve their value, with minimal work on the rest.

In the meantime, we have been engaging Sete Brasil to explore solutions to progress the projects. Sete Brasil has also been trying to resolve its financing problems through various restructuring plans, but has yet to obtain consensus from all key stakeholders. The media had reported that Sete Brasil was considering filing for judicial reorganisation, the Brazilian equivalent of a Chapter 11 in the US. We continue to monitor the situation and are prepared to strategically respond to various potential outcomes. However, in light of such uncertainties, we have made a provision of \$329 million for the Sete Brasil projects. This amount takes into consideration, in our view, the full extent of our exposure, including the amount of unpaid invoices and construction progress, and amounts to be paid to our suppliers and vendors. We believe that under the present circumstances, our provision is sufficient to address any potential adverse outcomes to the Sete Brasil contracts.

Delivery delays and possible cancellation of rigs

Several of our customers have requested for delivery deferments in view of delays in chartering out their rigs. Given the current depressed environment in the upstream sector, we have tried to accommodate their requests, while preserving our commercial interests.

As has been reported, one of our customers has failed to take delivery of its rig, and we have terminated the contract and taken legal action to recover the amount due to us.

GROUP REVENUE

\$4.97 billion

For the rest of our completed rigs with deferment requests, they have all been technically accepted by our customers and we have arrived at or are finalising mutually acceptable solutions with them. To date, there has been no cancellation of any rig orders. However, we have decided to conservatively make provisions of approximately \$280 million, in case of prolonged deferment or possible cancellation of rigs. We believe such provisions are adequate under present circumstances.

Share of loss in associates and Non-operating items

Cosco Shipyard Group Co. Ltd in China (CSG) has made significant provisions in its FY2015 accounts. We have equity accounted for our share of such provisions, and taking into account our share of loss in other associates and non-operating items, the net impact is a negative \$192 million.

Dividends

The Group's dividend payment has always been guided by earnings performance, and while we constantly strive to reward shareholders with a sustainable and consistent dividend, we are also mindful of the need to grow and position the company for long-term sustainable growth.

For the year under review, despite the tough operating environment and the net loss, the Board is proposing a final ordinary one-tier tax-exempt cash dividend of two cents (\$0.02) per share. Including the interim tax-exempt cash dividend of four cents (\$0.04), the Group will be paying a total dividend of six cents (\$0.06) per share for the year under review.

The proposed final cash dividend, if approved at the Annual General Meeting to be held on 18 April 2016, will be paid on 13 May 2016.

REVIEW OF BUSINESS OPERATIONS

Rigs & Floaters

Successful deliveries during the year

In January 2015, we delivered the Safe Boreas – the Group's first high-specification harsh environment semi-submersible accommodation vessel – to Prosafe. Safe Boreas was built according to the GVA3000E design and is equipped with a DP3 (dynamic positioning) system as well as 12-point mooring arrangement, with the capacity of accommodating 450 persons in single man cabins.



01.

01.

Sembcorp Marine's first high-specification harsh environment semi-submersible accommodation vessel, Safe Boreas, was delivered to Prosafe in January 2015

In February 2015, the Hakuryu 12, a Pacific Class 400 premium jack-up rig was delivered to BOT Lease Co. Ltd. Sembcorp Marine's proprietary Pacific Class 400 design represents the latest generation of high-specification jack-up rigs that are capable of operating in deeper waters of 400 feet and drilling high pressure and high temperature wells to depths of 30,000 feet.



02.

02.

Hakuryu 12, a Sembcorp Marine Pacific Class 400 premium jack-up rig delivered to BOT Lease Co. Ltd. in February 2015

CHAIRMAN AND CEO'S STATEMENT

This is the eleventh Pacific Class 400 jack-up rig that has been successfully delivered to our customers. To date, the Group has received contracts to build 18 Pacific Class 400 rigs.

In April 2015, the Group achieved another first with the delivery of the Q5000 semi-submersible well-intervention vessel to Helix Energy Solutions Group, a market leader in subsea well-intervention services. Featuring the latest technology, the rig is an efficient purpose-designed platform with capabilities to perform a wide variety of tasks, including conventional and extended top hold drilling, subsea construction, decommissioning well-intervention, coiled tubing operations and twin ROV deployment.

03.



03.

Sembcorp Marine delivered a semi-submersible well-intervention vessel, Q5000, to Helix Energy Solutions Group in April 2015

We are pleased to share that we have also delivered our first vessel for 2016 – the Safe Zephyrus – to Prosafe at the end of January. According to Prosafe, the Safe Zephyrus is the world's most advanced and versatile offshore accommodation unit.

04.



04.

Safe Zephyrus, the world's most advanced and versatile offshore accommodation unit, was delivered to Prosafe in January 2016

New orders secured in FY2015 replenish order book

In July, Rigs & Floaters secured a contract valued at approximately US\$1 billion to build the world's largest semi-submersible crane vessel for the Netherlands-based Heerema Offshore Services, a subsidiary of Heerema Marine contractors.

05.



05.

Sembcorp Marine will build the world's largest semi-submersible crane vessel for Heerema Offshore Services

In November 2015, we also secured a contract to design and build a new harsh environment Floating Storage and Offloading (FSO) vessel for MODEC, to be deployed for the Culzean Field in the UK North Sea.

Repairs & Upgrades

In the Repairs & Upgrades segment, the Group repaired and upgraded a total of 453 vessels in FY2015, compared with 439 in FY2014. While the number of vessels repaired was higher, the average revenue per vessel was lower due to increased competition.

The Group also achieved the highest number in the global LNG repairs and upgrades market for the fourth consecutive year, with 34 vessels repaired and upgraded at our yards in 2015.

Offshore Platforms

Offshore Platforms have had a busy year working on five key projects. They include LNG Process modules assembly for the Wheatstone LNG Project in Australia, and the Engineering, Procurement and Construction (EPC) of the Process, Drilling and Quarters Platform Topsides for the harsh environment Ivar Aasen field development project in the North Sea. The Ivar Aasen project is on schedule for completion in 2016.

In September 2015, despite tough international competition, we secured an EPC contract from Maersk Oil North Sea UK Limited to build three topside modules for the Culzean Field Development in the UK North Sea. Valued at over US\$1 billion, the project scope includes a Central Processing Facility plus two connecting bridges, a Wellhead Platform, as well as a Utilities & Living Quarters Platform.



06.

Sembcorp Marine's Offshore Platforms won an EPC contract to build three topside modules for the Culzean field in the UK North Sea

ENSURING CORPORATE SUSTAINABILITY DESPITE STRONG HEADWINDS

Cash flow and liquidity management

Together with the \$3.17 billion of new orders secured in 2015, Sembcorp Marine's net order book as at 31 December 2015 stands at \$10.37 billion, with deliveries to 2020. The majority of our order book is based on progress payment terms, with only about \$2 billion of the order book for drilling rigs that are on back-ended payment terms. The average upfront payment for these rig contracts is close to 30%. The above order book profile should minimise the need for fresh working capital to fulfil such orders in the next years.

In 2015, the Group generated \$536 million of Operating Cash Flow (before working capital changes). We believe this trend of positive Operating Cash Flow generation will continue to help fund our operations and that the Group's working capital needs have peaked.

On capital expenditure (capex), a large part of our new yard capex for the Tuas Boulevard yard in Singapore and Estaleiro Jurong Aracruz (EJA) yard in Brazil has been incurred. Going forward, we will only proceed with yard capex required for executing our secured contracts, while deferring non-essential capex.

The Group continues to adopt a disciplined approach to cash flow and liquidity management. Barring unforeseen developments, we believe we have sufficient debt headroom, and with existing facilities and continued support of our bankers and bondholders, we will be able to execute our secured orders.

Human resources

We have conducted a rigorous assessment of our labour requirements and have taken steps to reduce our headcount. Given the current \$10.37 billion order book and reasonable demand for our other business segments, the Group has, for the time being, continued to maintain most of our loyal and experienced workforce to ensure a high standard of execution. We have taken measures to control our manpower cost base by reallocating excess headcount from yards focused on building rigs, to yards undertaking non-drilling solutions. We have also allowed natural attrition and termination of less

CHAIRMAN AND CEO'S STATEMENT

07.



07.

Espadon, Sembcorp Marine's next-generation drillship design

efficient sub-contractors. In Brazil, our manning level is commensurate with our level of activities at the EJA yard, which is significantly lower than our planned headcount numbers.

Our strategy is to retain our core skilled and efficient workforce; and we will continue to selectively recruit talent so as to achieve longer term workforce sustainability and be better positioned when the market recovers. We constantly monitor our needs and will continue to optimise our resources and operations on a global basis.

Research and Development (R&D) and New Products

We continue to invest prudently in R&D to improve operational efficiency and develop new capabilities. Our Espadon compact drillship design and our Q-series well-intervention rig design have both won orders from international players. Our next-generation drillship design, compliant for 20k BOP (blowout preventer) capabilities, has been accepted by international oil companies.

As part of the Group's diversification strategy, we have also been developing other product segments within the offshore oil and gas value chain. Through our investment in GraviFloat, a Norwegian technology company, we have acquired the technologies to design, deliver and operate re-deployable, gravity-based, modularised terminals for near-shore gas and power generation installations.

08.



08.

The GraviFloat GF-SRU comprises a near-shore and scalable receiving, storage and regasification terminal



09.

09. The SSP320 Base (FPSO, FSO, Control Buoy) designed by Sembmarine SSP

We have also acquired SSP Offshore, a Houston-based company (now renamed Sembmarine SSP), which specialises in the design, engineering and delivery of innovative floating production and drilling solutions for the oil and gas industry.

Through Sembmarine SSP’s proprietary suite of satellite services platform solutions, the Group is capable of offering next-generation innovative and cost-effective solutions for deepwater oil and gas drilling, production and storage, and logistic hub applications in harsh environments and extreme arctic conditions.

Shipyards Developments

We recognise the need to deepen and broaden our yard capabilities to enable cost-effective execution in order to compete globally. Our Tuas Boulevard Yard, an integrated facility, includes a highly automated steel fabrication facility, allowing us to undertake more complex projects in a more cost-effective manner and with shorter delivery times.

As a major player in the Brazilian market, and recognising the local content requirements, the Group invested in a dedicated yard in Brazil. Our EJA yard, with its advanced production capabilities and high level of automation, will provide competitive advantage for us to serve not only the Brazilian market, but also the Latin American and West African markets.

Our investment in the Tuas Boulevard and EJA yards were made during the up-cycle years, and both are now nearing full completion. When completed, these two yards will be able to meet our requirements for the next 50 years.

Transformation for Growth

Sembcorp Marine is continuing its ‘Transformation for Growth’ journey which started in 2013, in line with our sustainable growth strategy. Becoming ‘One Sembcorp Marine’ enables the Group to harness the combined scale and expertise of our global operations to become more flexible, innovative and responsive. This empowers the Group to rise to new challenges and undertake even larger and more complex projects.



10.

10. Tuas Boulevard Yard steel fabrication facility



11.

11. Estaleiro Jurong Aracruz (EJA), Sembcorp Marine’s integrated yard in Brazil

CHAIRMAN AND CEO'S STATEMENT

Sustainability and value creation

The Group's sustainability strategy remains centred on value creation for our shareholders, employees, customers, contractors, suppliers, partners and other stakeholders. We strive to achieve this through good corporate governance, prudent financial management, upholding health and safety standards, limiting our environmental impact, utilising resources efficiently as well as engaging and caring for the communities we operate in.

Prepared in accordance with the Global Reporting Initiative (GRI) G4 core guidelines, this annual report encapsulates our sustainable approach in managing our business and operations.

OUTLOOK

We believe the current down-cycle is expected to be more protracted than previous cycles. As a diversified Offshore & Marine engineering solutions provider, we are prepared to weather and ride out the storm. We have laid the foundations for our future growth through our investments in hard and soft infrastructure, and are ready to capitalise on opportunities when the market recovers.

The Group remains optimistic on the longer term prospects of its business and its facilities have been built to cater to the industry's demand for the long term. As an integrated Sembcorp Marine, we will optimise our capabilities and capacities, as well as increase our efficiency and productivity to better serve our partners and customers.

APPRECIATION

On behalf of the Board, we would like to extend a warm welcome to Mrs Gina Lee-Wan and Mr Bob Tan Beng Hai, who were appointed as non-executive, independent directors of the Group in April 2015.

We would also like to express our heartfelt appreciation to the Board of Directors for their stewardship and wise counsel as well as our dedicated management team, employees, union and sub-contractor partners for their tireless efforts, loyalty and contributions in the past year.

Finally, we would like to extend our sincere thanks to our valued shareholders for their continued support. Together with our strategic investments in new capabilities and facilities, we believe Sembcorp Marine will be able to ride out the current down-cycle and be strategically better positioned for the upturn, so as to continue to generate acceptable risk-adjusted sustainable returns for the Group and its shareholders.



Tan Sri Mohd Hassan Marican
Chairman



Wong Weng Sun
President & CEO

3 March 2016





Aerial view of Sembcorp Marine's flagship Tuas Boulevard Yard, as at March 2016. Phase I development (73ha) of the yard started operations in August 2013, with Phase II development (35ha) to be completed in the first quarter of 2017.

ENVISION.TRANSFORM.SYNERGISE



01.

01. Aerial view of Sembcorp Marine Tuas Boulevard Yard

02. 266 vessels docked at Sembcorp Marine Tuas Boulevard Yard in 2015

As a service provider in the offshore and marine sector, Sembcorp Marine was not spared the impact of drastically falling oil prices in 2015. Nonetheless, the Group was able to secure \$3.17 billion in new contracts during the year. These additional orders showed that there were still players prepared to invest in the future amidst the prevailing market challenges, and they had chosen to work with Sembcorp Marine because of its strong track record and new facilities.

Like its forward-looking customers, Sembcorp Marine is focused on developing capabilities and capacities for the long haul, while leveraging its resilience to weather the current market downturn.

ENVISION

To realise its vision of becoming a global force in offshore and marine engineering solutions, Sembcorp Marine first mooted its future-oriented Transformation for Growth strategy in late 2013, launching it in July 2015.

Underpinning the Group's Transformation journey is Sembcorp Marine Tuas Boulevard Yard, the largest integrated yard in Singapore that not only anchors the Group's operations on home ground but also plays a critical role in its long-term business expansion.

The 73ha Phase I development of the Tuas Boulevard Yard, in operation since August 2013, has progressed quickly into a busy hub for Sembcorp Marine's projects. Some 266 vessels docked at the yard in 2015, up from 262 in 2014.

Meanwhile, the yard's ongoing 35ha Phase II development reached a milestone in November 2015 with the opening of Southeast Asia's largest steel structure fabrication workshop. Phase II is on track for completion in the first quarter of 2017.



02.

ENVISION.TRANSFORM.SYNERGISE

TRANSFORM

With the implementation of the Transformation for Growth strategy, the Group reorganised its multi-business units into a single Sembcorp Marine brand and consolidated its competitive advantages into four key capabilities: Rigs & Floaters, Repairs & Upgrades, Offshore Platforms and Specialised Shipbuilding.

The new setup sharpened the Group's focus and helped unlock opportunities for its diversification further into the production and development segment of the Exploration & Production (E&P) value chain. As a testament to its success, the Group scored a US\$1 billion contract with Heerema last year to build the world's largest new semi-submersible crane vessel (NSCV).

Sembcorp Marine is also gearing up to meet an increased demand for natural gas as more consumers and business organisations heed the call for cleaner, greener and more sustainable energy sources. In this regard, the Group is well-equipped with the technology and expertise to provide innovative engineering solutions for offshore gas processing. It is ready to seize opportunities with the innovative GraviFloat near-shore floating production terminals.

Redeployable, modularised and gravity-based, GraviFloat terminals are more flexible and cost-competitive solutions compared with FSRUs (floating storage and regasification units) and land terminals. They can be designed for both liquefaction and receiving terminal services, offering customers across the fast-evolving LNG and LPG value chain compelling alternatives to existing onshore and floating facilities.

SYNERGISE

Through a new 'one company, one brand' approach, the Group is enhancing its capabilities as a single-stop service provider. Manpower and facilities are now pooled and optimised under an integrated structure, enabling more efficient resource allocation based on project scale, location and customers' detailed requirements. This improved flexibility in resource management translates to greater cost savings and synergies, in turn strengthening Sembcorp Marine's competitive position in the current business environment.

“
Our transformation is an ongoing process that allows Sembcorp Marine to constantly adapt and excel in the dynamic business environment. With the ability to embrace change, we will continue to stay ahead of the curve and partner with customers and vendors for long-term success.”

Mr Wong Weng Sun

President & CEO
Sembcorp Marine

Strengthening operations in Singapore

The flagship Sembcorp Marine Tuas Boulevard Yard is designed and configured with optimal operational synergy, production efficiency and critical mass in mind. It is fast gaining a reputation for delivering value-added and cost-effective solutions.

In 2015, the yard received the prestigious Offshore & Marine Engineering Award at the MPA Singapore International Maritime Awards for its contributions to the local maritime industry.

Positioned as the Group's central production hub, the Tuas Boulevard Yard supports technically demanding projects, such as Sembcorp Marine's first newbuild Floating Storage & Offloading (FSO) contract. Awarded by MODEC in November 2015, this full-turnkey project covers Engineering, Procurement, Construction and Commissioning services.

The Tuas Boulevard Yard is also spearheading construction works for the Heerema NSCV. Named Sleipnir, this high-performance crane vessel is designed to support the installation and decommissioning of major offshore facilities worldwide.

“
As long-time partners with Sembcorp Marine for our conversion projects, MODEC has seen the Group's strong track record in delivering quality vessels and rigs. We are pleased to continue our partnership with Sembcorp Marine for our latest FSO newbuild.”

Mr Sateesh Dev

President, MODEC Offshore Production Systems (Singapore) Pte. Ltd.



03. Enhancing productivity and efficiency with Southeast Asia's largest Steel Structure Fabrication Workshop

Spanning 120,000 square metres in floor area, Sembcorp Marine's new steel structure fabrication workshop at the Tuas Boulevard Yard is an extensively automated facility. It operates with a streamlined process that optimises production efficiency by reducing man-hours and production time to half of previous process requirements for every tonne of steel fabricated.

Besides flat blocks and other components for hull construction, the steel structure fabrication workshop also produces steel materials for topside modules.



Sembcorp Marine's new steel structure fabrication workshop integrates seamlessly with all other capabilities in the Tuas Boulevard Yard and allows us to more effectively offer customers a one-stop shop for offshore and marine engineering solutions. It is also a key feature of our ongoing development to turn the Tuas Boulevard Yard into a high-tech production hub that boosts Sembcorp Marine's ability to compete on value and scale. ”

Tan Sri Mohd Hassan Marican

Chairman
Sembcorp Marine



04. Winning results of integrated yard resources: New industry records for vessel repairs

Bucking the downtrend in the offshore and marine business, Sembcorp Marine performed well in its repairs and upgrades business in 2015.

Supported by Sembcorp Marine's Tuas Boulevard and Admiralty yard, the Group rewrote its own industry record for the highest number of LNG vessel repair and upgrade projects in a single year. With 34 such undertakings in 2015, Sembcorp Marine topped the list for the fourth consecutive year. Its customers included Shell International LNG Supply, Chevron Shipping and Teekay Gas Services.

Compared to 2015, Sembcorp Marine repaired and upgraded 32 LNG vessels in 2014, and 27 LNG vessels in 2013.

The Group set a second record in 2015 by upgrading and refurbishing 12 passenger ships in a single year. Its customer portfolio in this specialised segment included Carnival Corporation and Royal Caribbean Cruises – the world's top two cruise companies – as well as Star Cruises, Asia's leading cruise line.



We are very privileged to work with leading LNG ship owners and operators who, over the years, have put their faith in our holistic solutions, integrated facilities and dedicated project teams. As a top LNG vessel repair and upgrade specialist, we are also proud to be contributing to Singapore's status as a global LNG hub. ”

Ms Wong Lee Lin

Executive Vice President &
Head of Repairs & Upgrades
Sembcorp Marine

ENVISION.TRANSFORM.SYNERGISE

05.



Securing worldwide developments

Sembcorp Marine's fabrication yard in Batam

P.T. SMOE, Sembcorp Marine's Indonesia fabrication arm in Batam, kept pace with its Singapore counterparts by undertaking major works for the Wheatstone Project and YAMAL Project in 2015.

Under the Wheatstone Project, awarded by Chevron Australia-Bechtel, P.T. SMOE fabricated and assembled six LNG T2 cryogenic and propane refrigeration modules, weighing 17,000 MT in total. The yard also fabricated grillage for the loading of six units of electrical houses (E-House) under Batch 1 of the YAMAL Project for customer Yamgaz, with a successful sailaway in 2015. Fabrication of five more E-House units for Batch 3 is currently continuing as planned.

In September 2015, P.T. SMOE enhanced its capabilities with the completion of its North Yard Office. The 5-storey fully air-conditioned building is located at the heart of the yard and houses corporate personnel as well as customers' management teams. The 7,200-square-metre office boasts a capacity to accommodate 500 people, with space for further expansion.

P.T. SMOE is now developing its 17ha West Yard. Over the next three to four years, this new yard is expected to have an office building, a warehouse and a power station.

PT Karimun Sembawang Shipyard: Sembcorp Marine's supporting arm

Complementing Sembcorp Marine's operations in Singapore, P.T. Karimun Sembawang Shipyard supported the Tuas Boulevard Yard with block fabrication of skid tables and working tables in 2015. It also completed 90% of the block fabrication work for NS Itioca, a drillship that is being built to Sembcorp Marine's proprietary Jurong Espadon drillship design.

To boost its production capacity, P.T. Karimun added 10ha of yard area in 2015 by partially levelling an adjacent land parcel. The yard also purchased a new crawler crane with a 500-tonne lifting capacity to improve block fabrication productivity.

In 2016, P.T. Karimun will fabricate the remaining blocks for the NS Itioca as well as gangways for the Tuas Boulevard Yard.

03.

Southeast Asia's largest steel structure fabrication workshop opened in November 2015

04.

Record number of vessels and cruise ships repaired and upgraded in 2015

05.

SSP deepwater driller

06.

New North Yard Office at P.T. SMOE

Design innovation at Sembmarine SSP

Since acquiring Sembmarine SSP in 2014, Sembcorp Marine has worked closely with the SSP team in Houston on developing the SSP deepwater driller, SSP12000.

From April to July 2015, numerous engineering documents on SSP12000 were completed for the Approval in Principle (AIP) – a statement that recognises a new or novel concept for a marine vessel or offshore facility. A wind tunnel test was also carried out on the SSP12000 wind tunnel model, attended by three potential customers: Seadrill, Transocean and Diamond. Following the feedback received, engineering assessment of the deepwater driller is continuing, with efforts to minimise displacing volume by the hull and to optimise other design objectives.

06.



Sembcorp Marine's UK subsidiary Sembmarine SLP

Sembmarine SLP celebrated its first steel cut for the Dudgeon Offshore Wind Farm's substation platform on February 16, 2015. In this Engineering, Procurement and Construction (EPC) project awarded by Siemens, Sembmarine SLP has made substantial progress on the construction of the platform's jacket structure and topside.

When completed in 2016, the structures will be installed off the coast of Cromer in North Norfolk. The wind farm is expected to power more than 410,000 homes in the UK.

Sembmarine SLP is currently involved in constructing a power generation module (PGM), two bridge links and a flare for the Culzean field development, as part of a US\$1 billion contract awarded to Sembcorp Marine by Maersk Oil North Sea UK. This project includes Engineering, Procurement and Construction services for three topsides, with Sembcorp Marine's Admiralty Yard in Singapore functioning as the core fabrication yard.

07.



07.

First cut steel ceremony for Dudgeon Offshore Wind Farm's substation platform

“

Sembmarine SLP is well placed to carry out wind-farm related engineering and construction projects, due to Lowestoft's strategic proximity to many large wind farms to be developed in the southern North Sea in the next few years; and also because of the expertise that the company has built up over a long time in the oil and gas sector. ”

Mr Peter Aldous

Member of Parliament for Waveney (UK)

Meeting long-term needs in Estaleiro Jurong Aracruz

In 2015, Estaleiro Jurong Aracruz (EJA), Sembcorp Marine's integrated shipyard in Brazil, made good progress on its first drillship project. Built for Brazilian pre-salt exploration, the NS Arpoador is now nearing completion, with fabrication and assembly of living quarters wrapped up in Singapore.

EJA was also kept busy with the fabrication of eight modules for Petrobras FPSOs P-68 and P-71.

At 83ha in size, EJA is on track with the development of its facilities, which are expected to be completed in 2016. The integrated yard features a 1.6km coastline and is equipped with a warehouse; mechanical and electrical workshops; as well as a hull shop with painting, blasting, pre-treatment and sub-assembly capabilities. EJA's office building is already operational, serving employees and contractors.

When fully completed, EJA will be well-positioned to take on future opportunities in the global energy sector.

ENVISION.TRANSFORM.SYNERGISE



08.

08.
Ongoing development at Estaleiro Jurong Aracruz (EJA)

COMMITMENT TO THE COMMUNITY AND THE ENVIRONMENT

As it strives to balance the competing priorities of managing current market challenges and long-term growth, Sembcorp Marine has persisted in fulfilling its corporate social responsibilities.

In 2015, the Group marked the 15th anniversary of its School Book Assistance Grant (SchoolBAG) programme, contributing over \$250,000 in bursaries to 1,250 needy students.

Sembcorp Marine also continued its environmental sustainability efforts with Green Wave, an annual competition-based outreach programme that engages youths in creating innovative solutions for environmental preservation. The 2015 event received 234 projects from over 850 primary, secondary and tertiary students.

The Group's community-giving spirit extends beyond Singapore. In Indonesia, Sembcorp Marine employees regularly contribute to *kampung* projects by lending a helping hand with renovation works in mosques, schools and orphanages. P.T. SMOE is also involved in mangrove planting activities in Batam, while P.T. Karimun provides technical training to high school students and university undergraduates.

In Lowestoft, UK, Sembmarine SLP took part in the local Safety Observation Scheme (SOS) Awards ceremony, where a total of £10,500 was presented to seven charities. The funds were sponsored by Sembmarine SLP, Siemens and Statoil.

In Brazil, EJA helped raise funds for the São Camilo Maternity Hospital serving the municipality of Aracruz in Espírito Santo, where the yard is located.

FORGING AHEAD

In its Transformation journey, Sembcorp Marine is constantly evolving, learning and excelling. The Group is building up its capabilities and embracing innovative technologies for future growth. It is actively exploring new business segments and expanding its market base, while maintaining a strong commitment to improve the community and the environment.

Sembcorp Marine can count on its strong fundamentals and steady fortitude to move forward and ahead of the competition. As it navigates today's oil and gas downturn, the Group is ready to take on new opportunities. It remains focused on its vision of becoming the global leader in offshore and marine engineering solutions.

GROUP FINANCIAL REVIEW

FINANCIAL SUMMARY

The Group posted a net profit of \$384 million in 2015, before the following items:

- \$609 million in write-downs of inventories and work-in-progress as well as provisions for foreseeable losses for rigs, including \$329 million for Sete Brasil projects; and
- \$192 million for share of losses from associates and joint ventures, impairment loss on available-for-sale financial assets and non-operating expenses.

Financial Results - Before impairment, provisions, share of losses from associates/JVs			
\$'M	2015	2014	% Change
Turnover	5,134	5,833	-12
Gross Profit	587	844	-30
Earnings before interest, tax, depreciation and amortisation (EBITDA)	591	822	-28
Operating Profit	459	707	-35
Net Profit	384	560	-31
Gross Profit Margin (%)	11.4	14.5	-21
Operating Profit Margin (%)	8.9	12.1	-26
Net Profit Margin (%)	7.5	9.6	-22

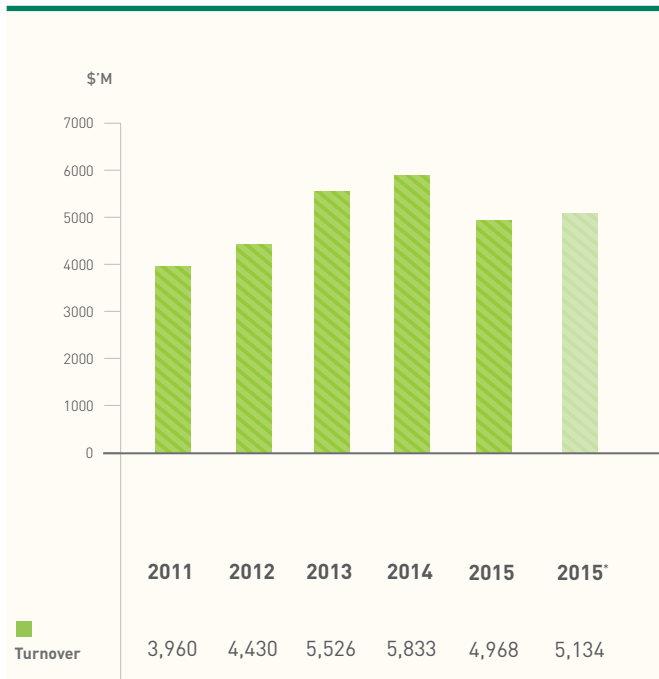
After factoring in the above-mentioned provisions and impairment, the Group recorded a net loss of \$290 million for the year. Group earnings were also lower as customer requests to defer rig-building projects resulted in lower margin recognition. However, profits for Offshore Platforms projects and Repairs & Upgrades business were higher.

Financial Results			
\$'M	2015	2014	% Change
Turnover	4,968	5,833	-15
Gross Profit	131	844	-84
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(18)	822	n.m.
Operating (Loss) / Profit	(150)	707	n.m.
Net (Loss) / Profit	(290)	560	n.m.
Gross Profit Margin (%)	2.6	14.5	-82
Operating (Loss) / Profit Margin (%)	(3.0)	12.1	n.m.
Net (Loss) / Profit Margin (%)	(5.8)	9.6	n.m.

n.m. – not meaningful

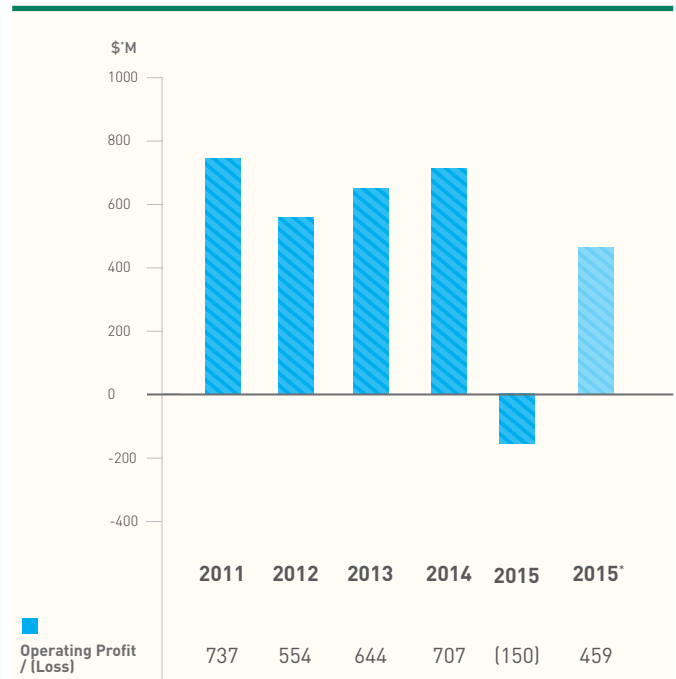
GROUP FINANCIAL REVIEW

TURNOVER



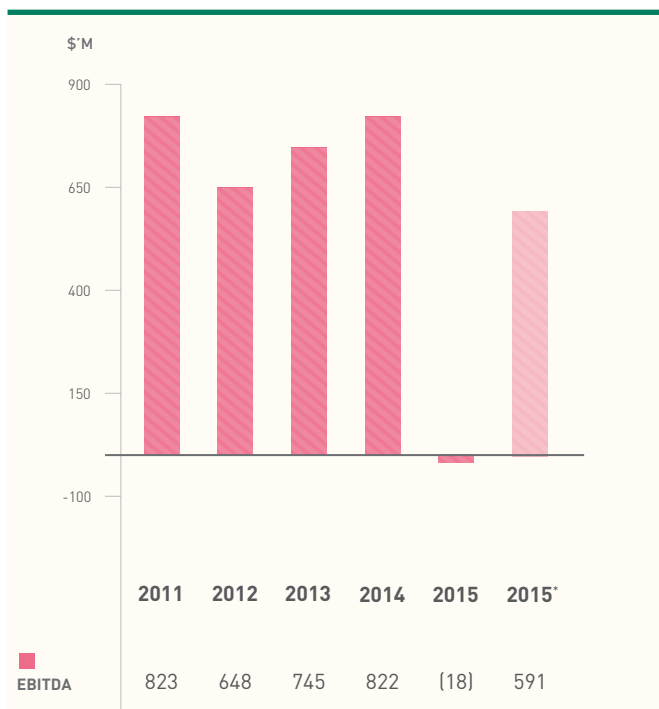
* Exclude provisions for rig-building projects.

OPERATING PROFIT



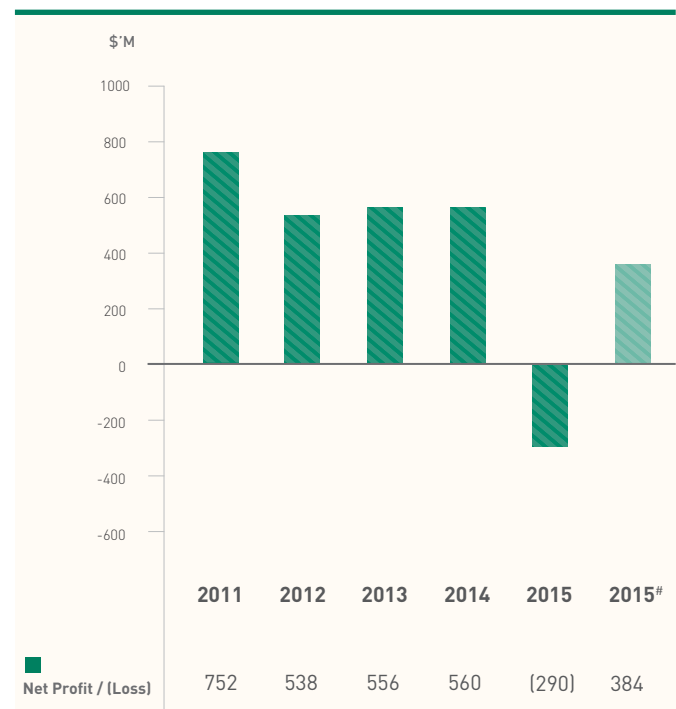
* Exclude provisions for rig-building projects.

EBITDA



* Exclude provisions for rig-building projects.

NET PROFIT



Exclude provisions for rig-building projects, share of losses from associates/JVs and impairment loss.

FINANCIAL SUMMARY

For the year (\$'000)	2015	2014	% Change
Group Income Statement			
Turnover	4,968,132	5,832,595	-15%
(Loss) / Profit			
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(18,253)	822,158	n.m.
Operating (loss) / profit	(149,991)	707,025	n.m.
(Loss) / profit before tax	(377,603)	707,004	n.m.
Net (loss) / profit	(289,672)	560,128	n.m.
Group Balance Sheet			
Total assets	9,201,122	8,238,420	12%
Total liabilities	6,536,843	5,106,393	28%
Net tangible assets	2,464,598	2,912,504	-15%
Equity attributable to owners of the Company	2,511,205	2,965,118	-15%
Non-controlling interests	153,074	166,909	-8%
Total equity	2,664,279	3,132,027	-15%
Cash and cash equivalents	629,305	1,078,776	-42%
Interest-bearing borrowings	3,380,175	1,741,367	94%
Net debt	2,750,870	662,591	n.m.
Economic Value Added (EVA)			
Net operating (loss) / profit after tax (NOPAT)	(396,628)	632,092	n.m.
Capital charge	412,172	300,813	37%
EVA	(808,800)	331,279	n.m.
EVA attributable to owners of the Company	(782,401)	301,430	n.m.
Financial Ratios			
Earnings per share (EPS)			
Basic (cents)	(13.87)	26.83	n.m.
Diluted (cents)	(13.87)	26.82	n.m.
Dividend per share			
One-tier tax-exempt (cents)	6.00	13.00	-54%
Net asset value per share (cents)	120.24	141.92	-15%
Net tangible asset per share (cents)	118.00	139.40	-15%
Return on turnover (%)	(5.83)	9.60	n.m.
Return on total assets (%)	(2.90)	8.00	n.m.
Return on equity (%)	(10.58)	19.86	n.m.

n.m. – not meaningful

GROUP FINANCIAL REVIEW

Quarterly (\$'000)	2015				
	1Q	2Q	3Q	4Q	Total
Turnover	1,303,687	1,207,566	1,129,877	1,327,002	4,968,132
Earnings before interest, tax, depreciation and amortisation (EBITDA)	169,049	178,420	106,648	(472,370)	(18,253)
Operating Profit / (Loss)	138,232	147,038	74,750	(510,011)	(149,991)
Profit / (Loss) before tax	135,185	135,977	22,564	(671,329)	(377,603)
Net Profit / (Loss)	105,871	109,234	32,106	(536,883)	(289,672)
Earnings per share (cents)					
Year-to-date	5.07	10.30	11.84	-13.87	
In-quarter	5.07	5.23	1.54	-25.71	

Quarterly (\$'000)	2014				
	1Q	2Q	3Q	4Q	Total
Turnover	1,335,300	1,340,799	1,711,564	1,444,932	5,832,595
Earnings before interest, tax, depreciation and amortisation (EBITDA)	176,494	182,444	199,539	263,681	822,158
Operating Profit / (Loss)	148,842	154,447	171,359	232,377	707,025
Profit / (Loss) before tax	154,889	163,375	171,073	217,667	707,004
Net Profit / (Loss)	122,475	131,602	132,005	174,046	560,128
Earnings per share (cents)					
Year-to-date	5.87	12.17	18.49	26.83	
In-quarter	5.87	6.30	6.32	8.34	

FINANCIAL POSITION

The Group's total assets of \$9.20 billion in 2015 were 12% higher than \$8.24 billion in 2014. The increase in property, plant and equipment was mainly due to capital expenditure for the new shipyard in Brazil and Phase II of Sembcorp Marine Tuas Boulevard Yard.

Group total liabilities of \$6.54 billion as at 31 December 2015 were 28% higher than the prior financial year-end. The increase in interest-bearing borrowings was mainly due to borrowings for working capital and capital expenditures for the new yard in Brazil. The Group has secured adequate committed long term banking facilities to refinance the short term borrowings as they fall due.

Total capital employed of \$2.66 billion as at 31 December 2015 comprised shareholders' funds of \$2.51 billion and non-controlling interests of \$153 million.

CASH FLOW AND LIQUIDITY

The Group's total cash and cash equivalents stood at \$629 million as at 31 December 2015.

Cash flow from operating activities before changes in working capital was \$536 million in 2015. Net cash used in operating activities amounted to \$989 million. This was mainly due to working capital for the rig-building projects.

The Group's net cash used in investing activities, at \$932 million in 2015, was higher than in 2014. The Group spent \$933 million on expansion and operational capital expenditure, mainly for the new shipyard in Brazil and Phase II of Sembcorp Marine Tuas Boulevard Yard.

Net cash generated from financing activities was \$1.47 billion in 2015; net cash generated was mainly from net proceeds from borrowings, offset by dividends paid.

SHAREHOLDER RETURNS

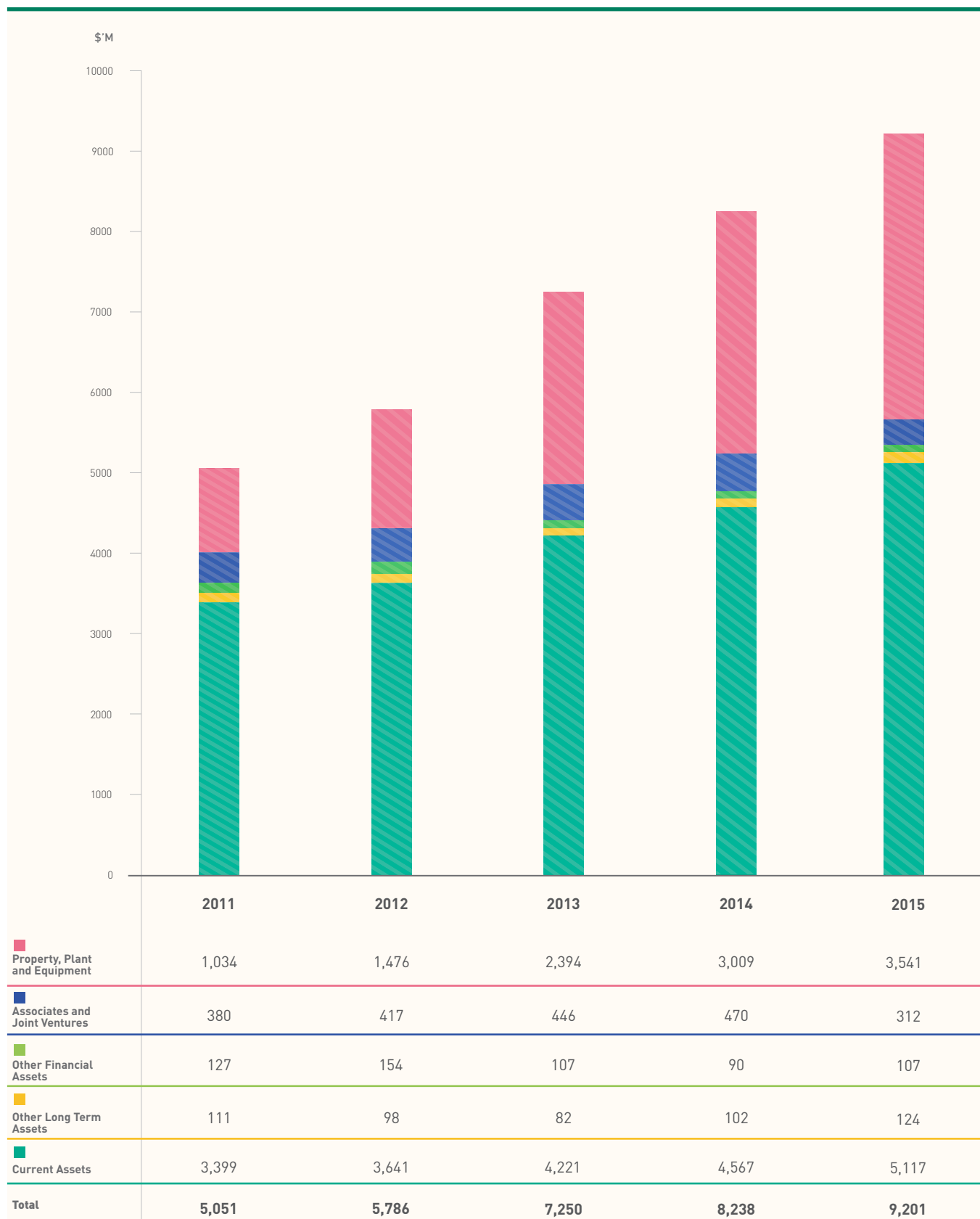
Subject to approval by shareholders of Sembcorp Marine at the next Annual General Meeting, the Group is proposing a final one-tier tax-exempt ordinary dividend of 2 cents per share. Together with the interim one-tier tax exempt dividend of 4 cents per share, total dividend for the financial year ended 31 December 2015 would be 6 cents per share.

GROUP FINANCIAL REVIEW

GROUP FIVE-YEAR FINANCIAL SUMMARY

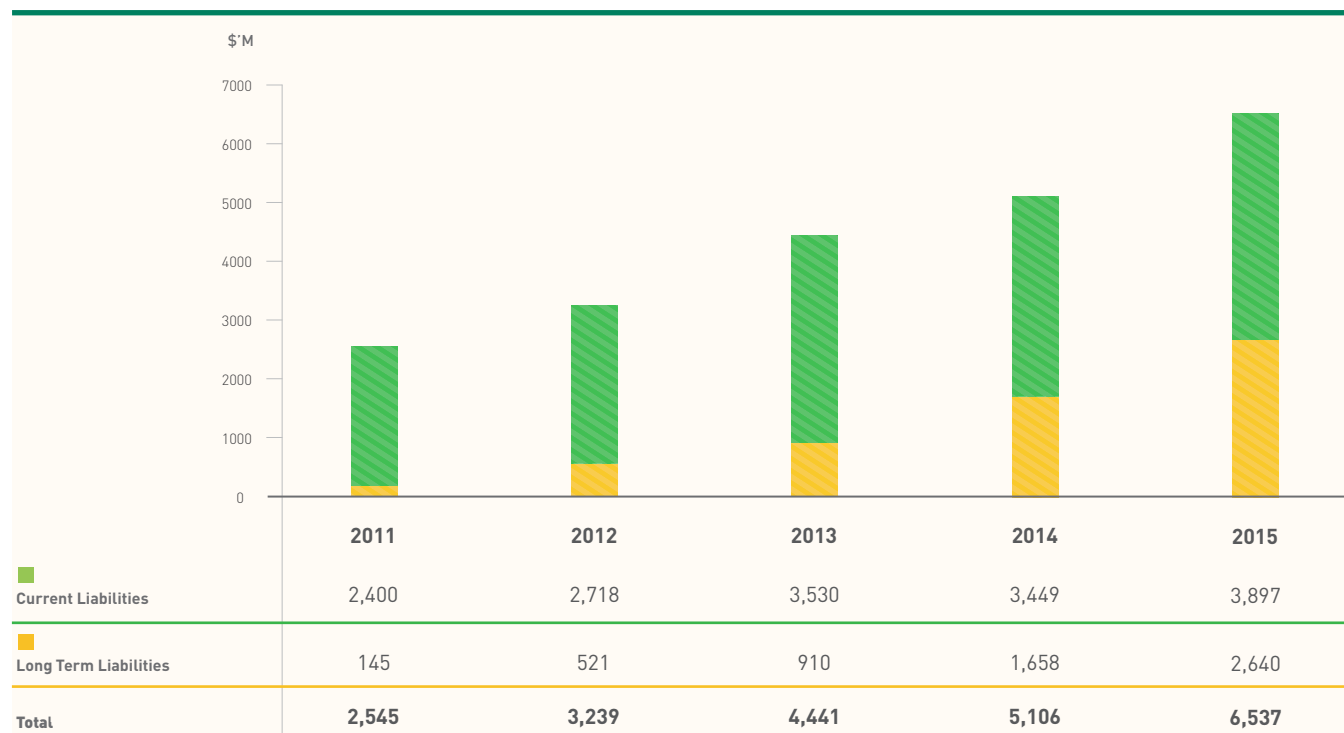
	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000
For the Year					
Turnover	3,960,230	4,430,123	5,525,882	5,832,595	4,968,132
Operating profit / (loss)	737,129	554,218	644,257	707,025	(149,991)
Profit / (loss) before tax	850,310	617,378	660,537	707,004	(377,603)
Net profit / (loss)	751,903	538,453	555,747	560,128	(289,672)
Dividend - Interim	104,185	104,382	104,464	104,459	83,563
Dividend - Final	125,303	125,347	125,359	167,148	41,771
Dividend - Final Special	292,375	41,782	41,787	-	-
Dividend - Total	521,863	271,511	271,610	271,607	125,334
At Year End					
Property, plant and equipment	1,034,345	1,476,206	2,394,167	3,008,909	3,540,555
Associates & joint ventures	380,065	417,329	445,743	470,277	312,056
Other financial assets	126,956	154,332	107,166	90,443	107,263
Other long term assets	111,411	97,715	81,931	101,673	124,212
Current assets	3,398,869	3,640,875	4,221,093	4,567,118	5,117,036
Current liabilities	(2,400,252)	(2,718,214)	(3,530,406)	(3,448,597)	(3,897,046)
Long term liabilities	(145,314)	(521,218)	(910,182)	(1,657,796)	(2,639,797)
	2,506,080	2,547,025	2,809,512	3,132,027	2,664,279
Share capital	470,596	480,086	484,288	484,288	484,288
Capital, foreign currency translation and other reserves	(24,695)	(26,335)	(76,179)	(76,625)	9,770
Retained profit	1,968,356	1,984,773	2,268,927	2,557,455	2,017,147
Non-controlling interests	91,823	108,501	132,476	166,909	153,074
	2,506,080	2,547,025	2,809,512	3,132,027	2,664,279
Per share					
EPS - basic (cents)	36.13	25.81	26.61	26.83	(13.87)
EPS - diluted (cents)	36.10	25.80	26.59	26.82	(13.87)
Net tangible assets (cents)	114.14	115.19	126.76	139.40	118.00
Net asset value (cents)	115.92	116.80	128.21	141.92	120.24
Financial Ratios					
Return on equity (%)	29.99	22.19	21.73	19.86	(10.58)
Return on total assets (%)	14.56	9.94	9.15	8.00	(2.90)
Operating profit (loss) /equity (%)	29.40	22.84	25.19	25.06	(5.48)
Current ratio (times)	1.42	1.34	1.20	1.32	1.31
Net gearing (times)	Net cash	Net cash	Net cash	0.22	1.10
Dividend cover (times)	1.44	1.98	2.05	2.06	n.a.

ASSETS

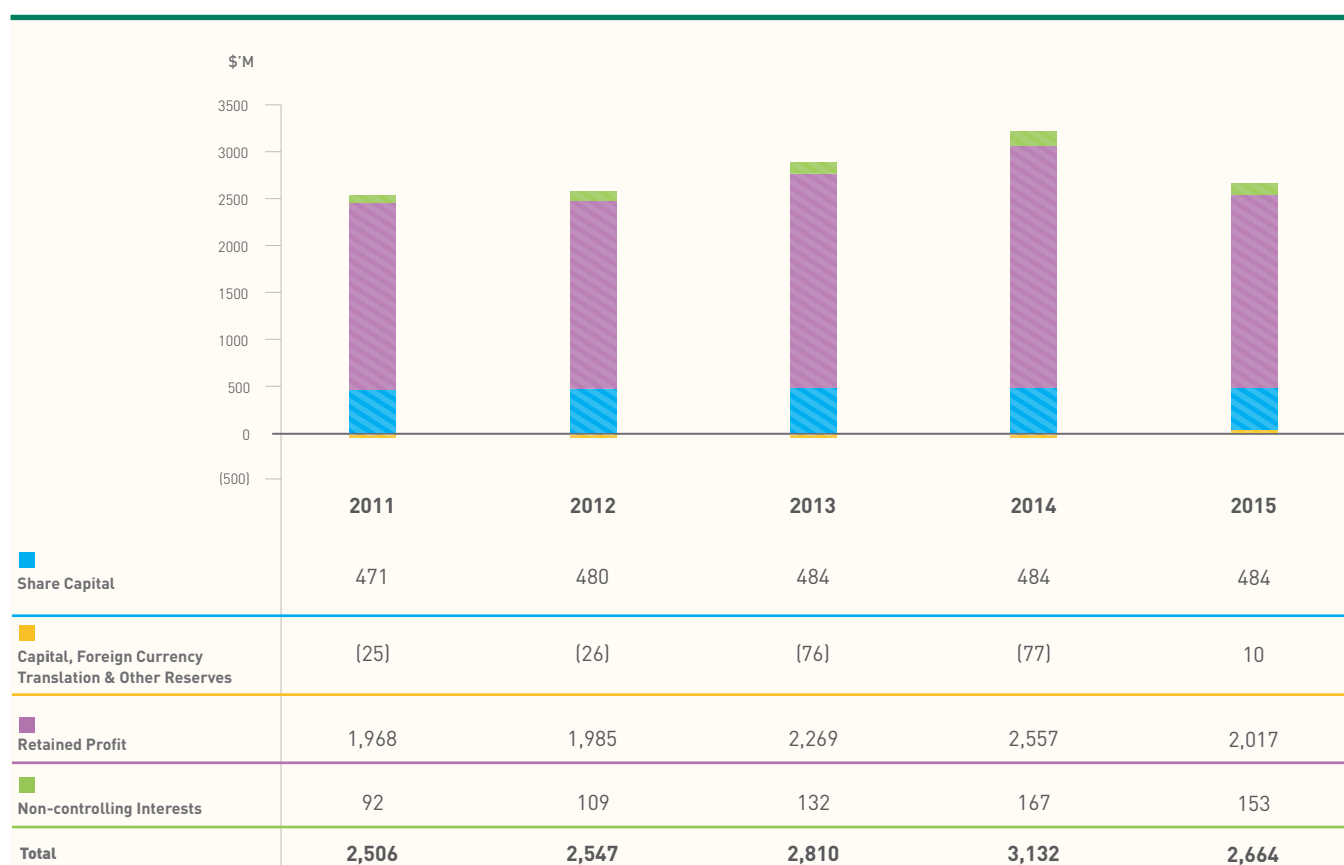


GROUP FINANCIAL REVIEW

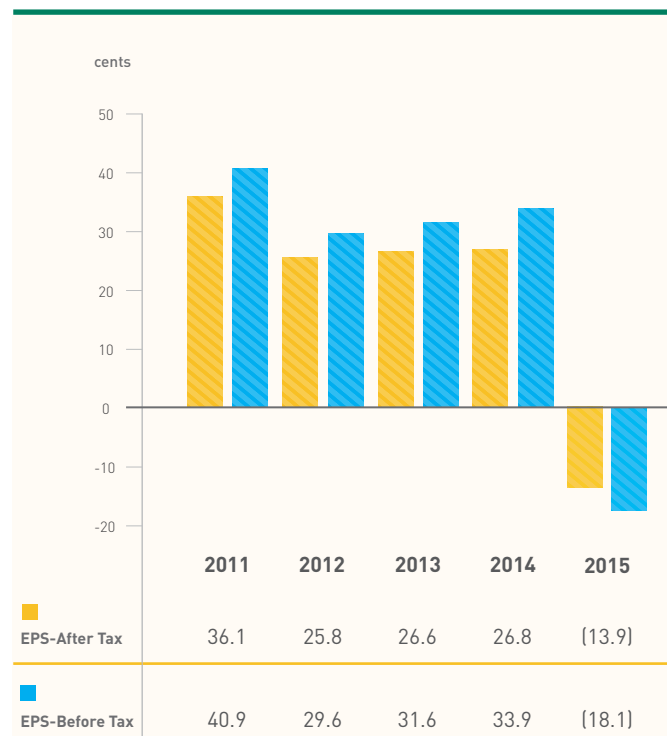
LIABILITIES



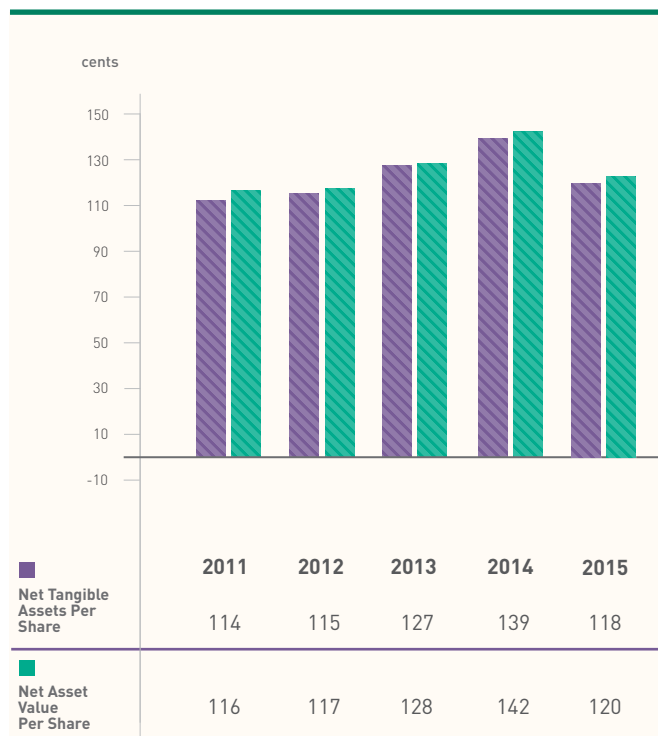
SHAREHOLDERS' FUNDS



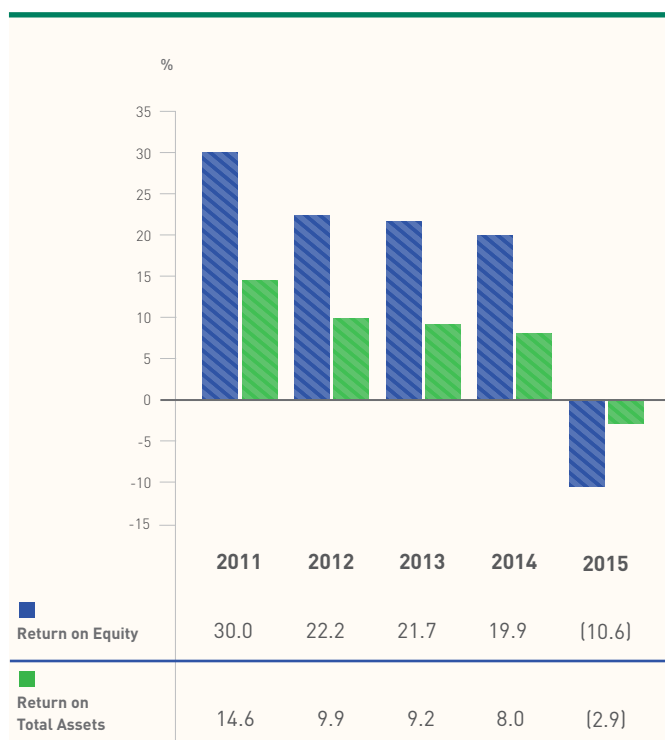
EARNINGS PER SHARE



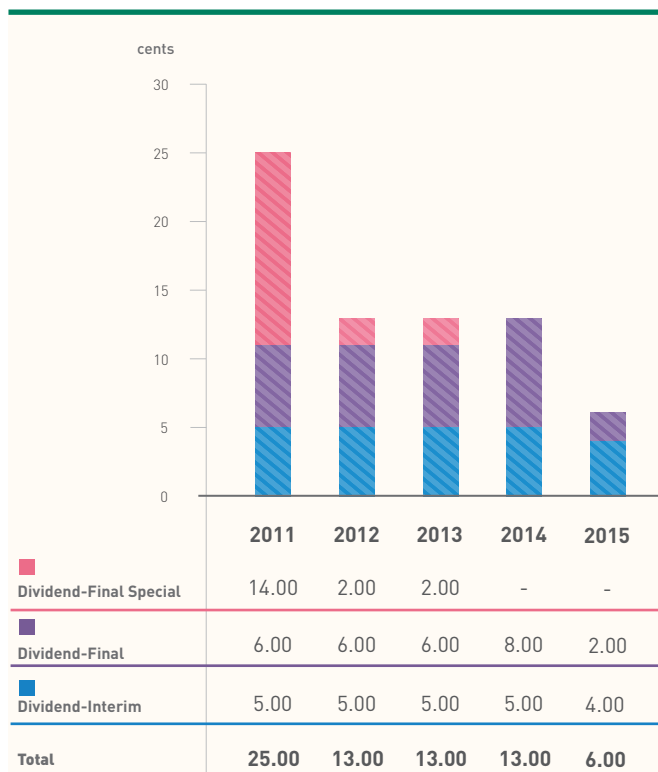
NET TANGIBLE ASSETS AND NET ASSET VALUE PER SHARE



RETURN ON EQUITY AND RETURN ON TOTAL ASSETS



DIVIDEND PER SHARE



GROUP FINANCIAL REVIEW

ECONOMIC VALUE ADDED STATEMENT

	2015 \$'000	2014 \$'000
Net operating (loss) / profit before tax	(204,104)	697,145
Adjusted for:		
Share of associates' and joint ventures' (loss) / profit	(170,881)	8,295
Interest expense	52,911	26,997
Others	(38,296)	(4,040)
Adjusted (loss) / profit before interest and tax	(360,370)	728,397
Cash operating taxes (Note 1)	(36,258)	(96,305)
Net operating (loss) / profit after tax (NOPAT)	(396,628)	632,092
Average capital employed (Note 2)	6,151,819	4,557,773
Weighted average cost of capital (Note 3)	6.7%	6.6%
Capital charge	412,172	300,813
Economic value added (EVA)	(808,800)	331,279
Non-controlling share of EVA	26,399	(29,849)
EVA attributable to owners of the Company	(782,401)	301,430

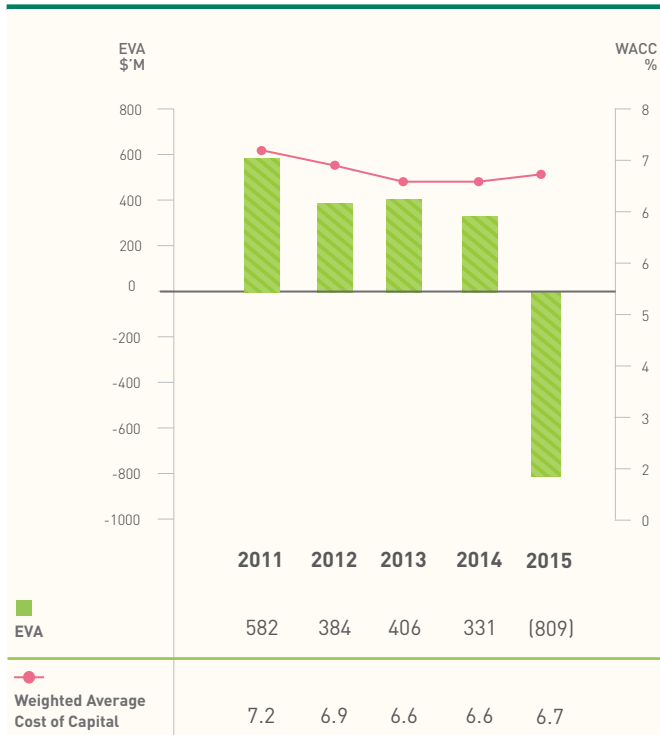
Note 1: The reported current tax is adjusted for the statutory tax impact of interest expense.

Note 2: Average capital employed is computed by taking monthly average total assets less non interest-bearing liabilities plus timing provision, goodwill written off/impaired and present value of operating leases.

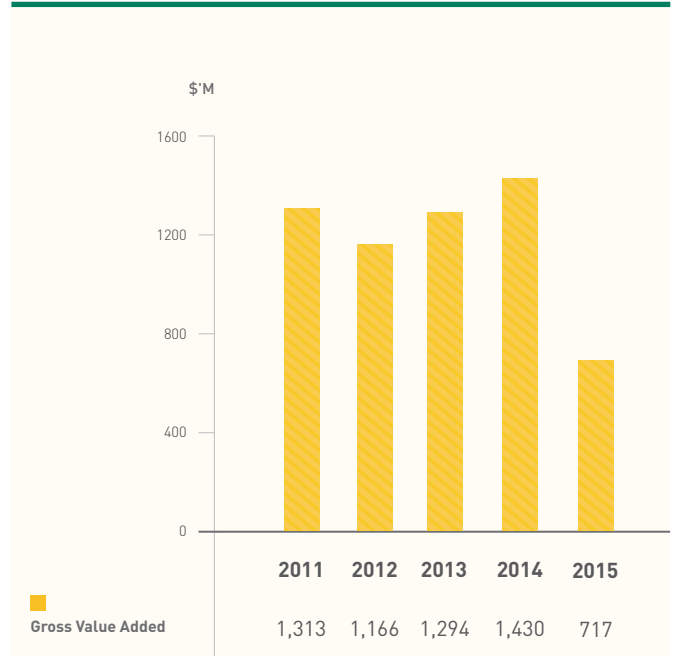
Note 3: The weighted average cost of capital is calculated in accordance with Sembcorp Marine Ltd Group's EVA Policy as follows:

- i) Cost of equity using Capital Asset Pricing Model with market risk premium at 9.4% (2014: 5.0%);
- ii) Risk-free rate of 2.26% (2014: 2.12%) based on yield-to-maturity of Singapore Government 10-year Bonds;
- iii) Ungeared beta 0.9 (2014: 0.9) based on Sembcorp Marine's risk categorisation; and
- iv) Cost of debt rate at 2.65% (2014: 2.47%).

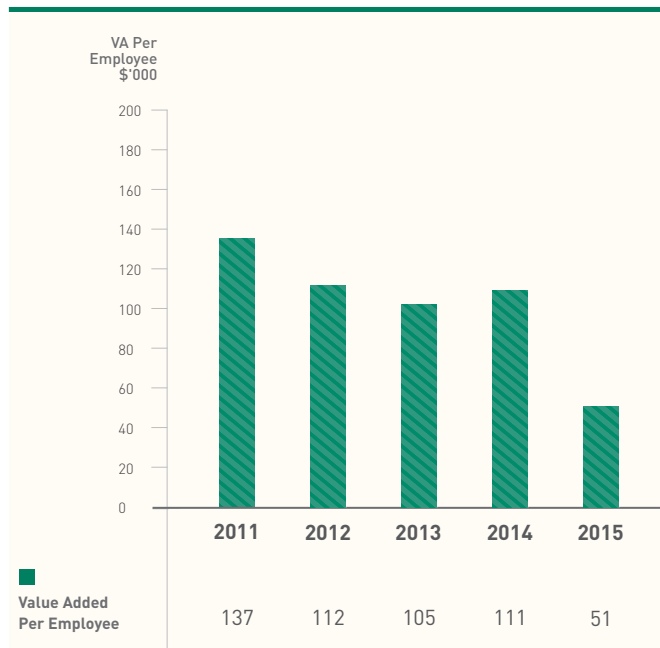
ECONOMIC VALUE ADDED (EVA)



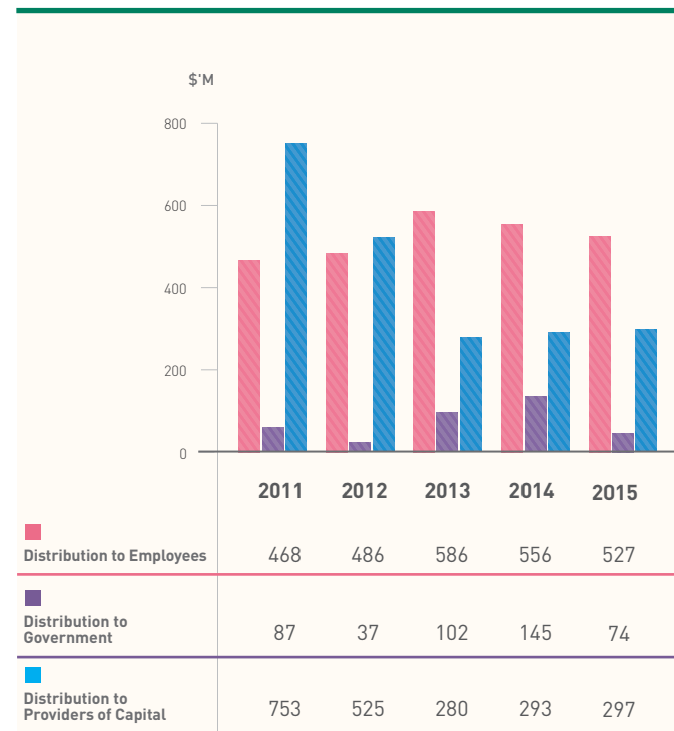
GROSS VALUE ADDED



VALUE ADDED PER EMPLOYEE



DISTRIBUTION OF VALUE ADDED



GROUP FINANCIAL REVIEW

VALUE ADDED STATEMENT

	2011 \$'000	2012 \$'000	2013 \$'000	2014 \$'000	2015 \$'000
Value added from:					
Turnover	3,960,230	4,430,123	5,525,882	5,832,595	4,968,132
Less: Bought in materials and services	(2,647,549)	(3,264,571)	(4,231,874)	(4,402,863)	(4,251,510)
Gross value added	1,312,681	1,165,552	1,294,008	1,429,732	716,622
Investment, interest and other income/(expenses), net	64,610	20,316	81,650	12,371	(30,048)
Share of results of associates and joint ventures, net of tax	53,275	44,001	11,166	9,859	(173,499)
Non-operating (expenses)/income, net	(2,044)	(2,439)	2,758	177	18,708
	1,428,522	1,227,430	1,389,582	1,452,139	531,783
Distribution					
To employees in wages, salaries and benefits	467,746	486,270	585,859	556,436	527,159
To government in income and other taxes	86,606	37,221	102,430	144,959	74,057
To providers of capital in:					
Interest paid on borrowings	2,491	3,262	8,072	20,960	46,775
Dividends to owners of the Company	750,501	522,036	271,593	271,600	250,636
Retained in business					
Depreciation, amortisation and R&D expenses	86,278	94,020	100,607	115,142	131,760
Deferred tax expense/(credit)	14,852	38,021	3,807	12,449	(102,282)
Retained profit/(loss)	1,402	16,417	284,154	288,528	(540,308)
Non-controlling interests	17,226	28,985	32,513	41,147	(10,294)
Other expenses	1,420	1,198	547	918	154,280
	1,428,522	1,227,430	1,389,582	1,452,139	531,783
Productivity data					
Average staff strength	9,592	10,395	12,313	12,938	14,106
Employment costs	467,746	486,270	585,859	556,436	527,159
Value added (\$'000)	1,312,681	1,165,552	1,294,008	1,429,732	716,622
Value added per employee (\$'000)	137	112	105	111	51
Value added per dollar employment costs (\$)	2.81	2.40	2.21	2.57	1.36
Value added per dollar investment in property, plant and equipment (\$)	1.27	0.79	0.54	0.48	0.20
Value added per dollar turnover (\$)	0.33	0.26	0.23	0.25	0.14

OPERATIONS REVIEW

01.

**01.**

FPSO Prof. John Evans Atta Mills preparing to depart for Ghana's Tweneboa-Enyenra-Ntomme (TEN) field development after a successful conversion

02.

Liquefied Natural Gas (LNG) carrier and passenger vessel docked for repair and maintenance works at Sembcorp Marine Admiralty Yard

Sembcorp Marine achieved FY2015 net profits of \$384 million, prior to impairment and provisions taken during the year. However with financial prudence, risk assessment and transparency being key considerations, the Group made \$609 million in impairment and provisions, and also booked \$192 million as its share of provisions from associates and joint ventures. This led to the Group reporting net losses of \$290 million for the year. The impairment and provisions included \$329 million in losses booked for the Group's Sete Brasil projects, as well as \$280 million in provisions for its other rig building projects.

Group revenue totalled \$4.97 billion for the year ended December 31, 2015, compared with \$5.83 billion in FY2014. While Rigs & Floaters revenue was lower, this was offset by higher revenue from the Offshore Platforms segment.

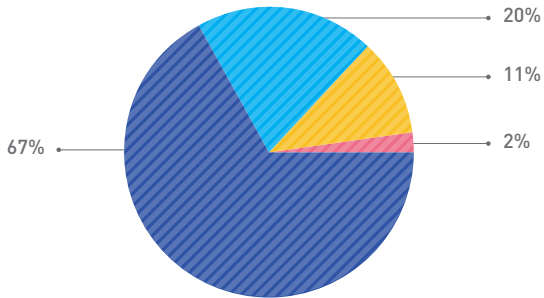
Rigs & Floaters remained the largest segment, contributing 67% of Group revenue compared with 72% in the previous year. Offshore Platforms' contribution jumped to 20% from 16% previously, while Repairs & Upgrades contributed to 11% of Group revenue.

Turnover for Rigs & Floaters was \$3.32 billion for the year ended December 31, 2015, a 21% decline from the \$4.21 billion booked in the prior financial year. The Group delivered two jack-up rigs, one well-intervention semi-submersible and one accommodation semi-submersible during the year, compared with eight drilling rigs in the prior financial year.

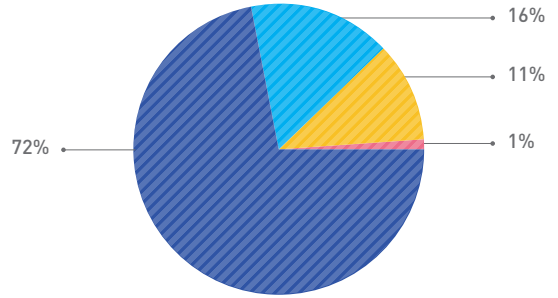
OPERATIONS REVIEW

TURNOVER CONTRIBUTIONS BY SECTORS

FY2015:
\$4.97 billion



FY2014:
\$5.83 billion



● Rigs & Floaters ● Offshore Platforms ● Repairs & Upgrades ● Other Activities

Higher contributions from the floaters segment bolstered revenue with continued revenue recognition from major offshore floater projects. These included the conversion of the FPSO (floating production, storage and offloading) vessel Prof. John Evans Atta Mills for MODEC.

While there was an increase in the number of ships repaired, Repairs & Upgrades revenue declined 10% from \$622 million to \$557 million reflecting strong competition in the segment. The Group continues to lead in the segments of passenger ships and LNG/LPG vessels.

Offshore Platforms revenue increased 10% year-on-year from \$925 million in FY2014 to \$1,017 million in FY2015, with continued revenue contribution from major platform projects such as the Ivar Aasen and Wheatstone projects.



02.



03.

03. Successful delivery of two units of accommodation semi-submersibles, Safe Boreas and Safe Zephyrus, to Prosafe in 2015 and early 2016 respectively

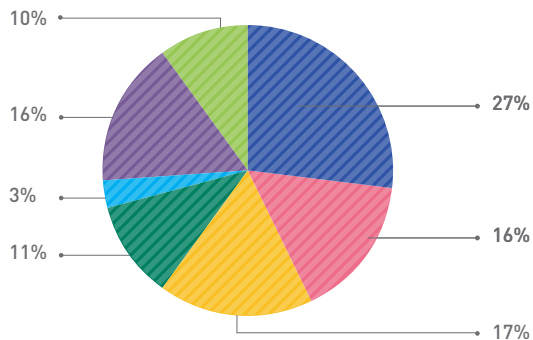


04.

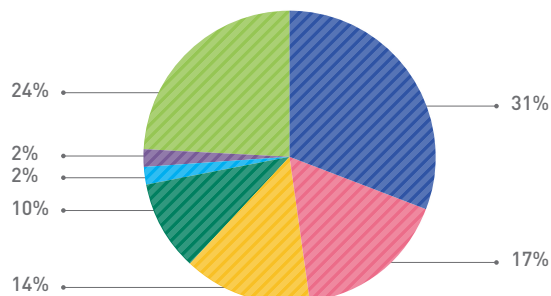
04. Naming and delivery of Q5000 well-intervention semi-submersible in 2015

TYPES OF VESSELS REPAIRED/UPGRADED

FY2015



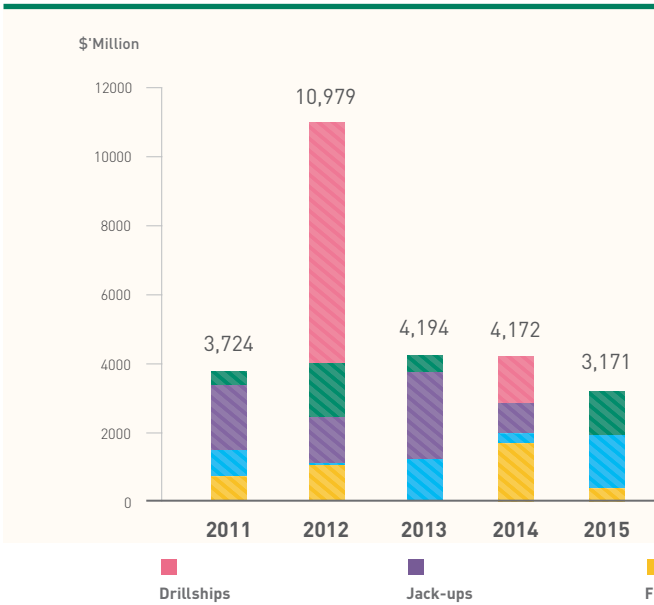
FY2014



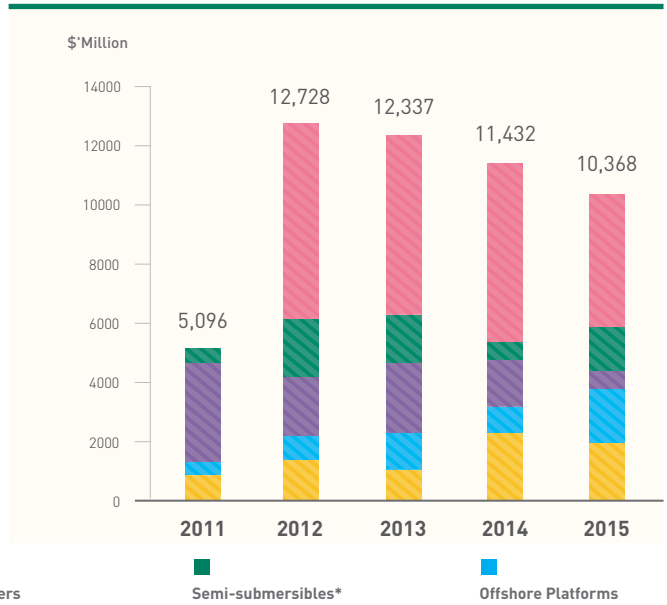
- Tankers
- Containerships
- Bulk Carriers
- LNG/LPG Carriers
- Passenger Ships
- Drillships/ Semi-submersibles/ Jack-ups/FPSO Upgradings
- Others

OPERATIONS REVIEW

**CONTRACTS SECURED IN 2015
AT \$3.17 BILLION (EXCLUDES REPAIRS & UPGRADES)**



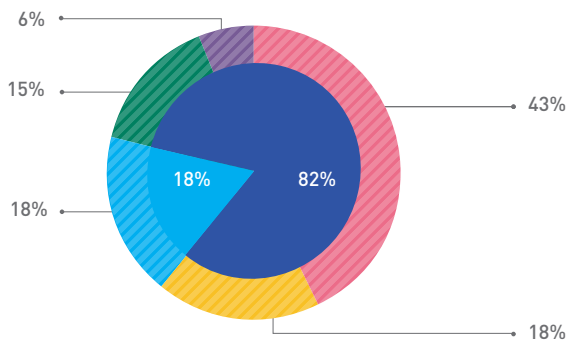
**NET ORDER BOOK BY PRODUCT TYPES
(EXCLUDES REPAIRS & UPGRADES)**



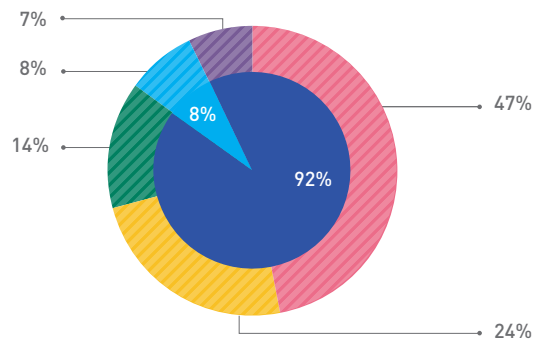
* Includes well-intervention rigs, crane vessels, accommodation units, and drilling platforms

NET ORDER BACKLOG BY DIVISION AND PRODUCT TYPE

FY2015 - Total \$10.37b



FY2014 - Total \$11.43b



● Drillships ● Floaters ● Semi-submersibles* ● Jack-ups ● Offshore Platforms ● Rigs & Floaters

* Includes well-intervention rigs, crane vessels, accommodation units, and drilling platforms

CONTRACTS SECURED

In 2015, the Group secured \$3.17 billion in new contracts despite the challenging market environment. These orders were mostly for non-drilling solutions and included a more than US\$1 billion contract (including long lead items) from Maersk Oil North Sea UK Limited for three offshore platform topside modules. The Group also secured a contract to design and build a new semi-submersible crane vessel for Heerema Offshore Services B.V. for approximately US\$1 billion; a \$56 million FSO conversion contract with Teekay; and an FSO design and construction contract for MODEC Offshore Production Systems for the Culzean field.

NET ORDER BOOK

The Group had a net order book of \$10.37 billion, with completion and deliveries stretching into 2020. This includes \$4.50 billion for drillships; \$1.53 billion for non-drilling semi-submersible vessels such as accommodation, well-intervention and crane units; \$1.88 billion for floaters; \$1.83 billion for offshore platforms and the remaining \$625 million for jack-up rigs.

BOARD OF DIRECTORS



Tan Sri Mohd Hassan Marican

Chairman
Non-Executive/Independent Director



Wong Weng Sun

President & CEO
Executive/Non-Independent Director



Ajaib Haridass

Non-Executive/Independent Director



Tang Kin Fei

Non-Executive/Non-Independent Director



Ron Foo Siang Guan

Non-Executive/Independent Director



Lim Ah Doo

Non-Executive/Independent Director



Koh Chiap Khiong

Non-Executive/Non-Independent Director



Eric Ang Teik Lim

Non-Executive/Independent Director



Gina Lee-Wan

Non-Executive/Independent Director



Bob Tan Beng Hai

Non-Executive/Independent Director

BOARD OF DIRECTORS

Tan Sri Mohd Hassan Marican

Chairman

Appointed April 22, 2014

Non-Executive & Independent Director

Appointed October 1, 2011

Chairman

Chairman, Transformation Committee

Chairman, Executive Resource & Compensation Committee

Chairman, Executive Committee

Member, Nominating Committee

Member, Special Committee

Tan Sri Mohd Hassan Marican was appointed Chairman of Sembcorp Marine since April 22, 2014. As an independent director, he heads the Board's Transformation Committee, Executive Resource & Compensation Committee and Executive Committee. He also serves as a member of the Board's Nominating Committee and Special Committee.

Formerly President & CEO of Malaysia's Petroliaam Nasional (PETRONAS) from 1995 until his retirement in February 2010, Tan Sri Mohd Hassan Marican brings to the Board over 30 years of experience in the energy sector, as well as in finance and management. He is Chairman of Singapore Power, Pavilion Energy, Pavilion Gas and Lan Ting Holdings and holds directorships in the Regional Economic Development Authority of Sarawak, Sarawak Energy, Lambert Energy Advisory and MH Marican Advisory. He is also a senior international advisor at Temasek International Advisors.

Tan Sri Mohd Hassan Marican holds an honorary doctorate from the University of Malaya and is a fellow of the Institute of Chartered Accountants in England and Wales.

Past directorships in listed companies and major appointments 2013–2015: ConocoPhillips.

Wong Weng Sun

President & Chief Executive Officer

Executive & Non-Independent Director

Appointed May 1, 2009

Member, Executive Committee

Appointed President & Chief Executive Officer of Sembcorp Marine in 2009, Mr Wong is a board member of the Maritime and Port Authority of Singapore. He sits on the Workplace Safety and Health (WSH) Council, chairs the Industry Capability Building Committee at the WSH Council and is the deputy chairman of the WSH Marine Industries Committee.

Besides serving as a member of the Industry Advisory Panel of the School of Mechanical and Aerospace Engineering at Nanyang Technological University, Mr Wong is also a member of the Marine Sectoral Tripartite Committee.

Mr Wong joined Sembcorp Marine in 1988 as an engineer. He was the company's President and Chief Operating Officer prior to his current appointment. Mr Wong holds a Bachelor of Mechanical Engineering (Marine) from Universiti Teknologi Malaysia and a Master of Business Administration from Oklahoma City University, USA.

Ajaib Haridass

Non-Executive & Independent Director

Appointed October 31, 2003

Chairman, Nominating Committee
 Member, Board Risk Committee
 Member, Executive Resource & Compensation Committee
 Member, Executive Committee
 Member, Special Committee

Mr Ajaib Haridass is an independent director. He heads the Board's Nominating Committee, and serves as a member of the Board Risk, Executive Resource & Compensation, Executive as well as Special Committees. Mr Haridass is also an independent director at Sembcorp Industries, where he chairs the Risk Committee and is a member of the Audit Committee.

With close to 40 years of legal experience, Mr Haridass specialises in maritime law and deals with commercial and banking litigation. Currently a consultant with Haridass Ho & Partners, a legal firm he founded in 1985, Mr Haridass is a panel member of the Singapore International Arbitration Centre and the Singapore Chamber of Maritime Arbitration; an accredited mediator of the Singapore Mediation Centre; as well as a referee of the Small Claims Tribunal of the State Courts of Singapore (formerly known as the Subordinate Courts). He is a Commissioner for Oaths, a Notary Public and a Justice of the Peace. He is also the lead independent director at Nam Cheong.

Mr Haridass holds a Bachelor of Laws (Honours) degree from the University of London and qualified as a Barrister-at-Law at the Honourable Society of the Middle Temple in London.

Tang Kin Fei

Non-Executive & Non-Independent Director

Appointed May 1, 2005

Member, Executive Resource & Compensation Committee
 Member, Nominating Committee
 Member, Executive Committee
 Member, Special Committee

Mr Tang Kin Fei is a non-independent director and serves as a member of the Board's Executive Resource & Compensation, Nominating, as well as Executive and Special Committees.

Mr Tang is Group President & CEO of Sembcorp Industries. With close to 30 years of service at Sembcorp, Mr Tang is credited with spearheading its growth into a focused energy, water and marine group operating across five continents.

Mr Tang is an executive committee member and Vice Chairman of the Singapore Business Federation's council, as well as a council member of the Singapore Chinese Chamber of Commerce & Industry. He serves on several China-Singapore and Middle East-Singapore business councils and is a director and member of the governing board of the Cambridge Centre for Advanced Research in Energy Efficiency in Singapore, a research centre set up by the University of Cambridge in collaboration with Singapore universities and the National Research Foundation to study carbon assessment and abatement for the petrochemical industry. Mr Tang sits on the board of the Defence Science and Technology Agency of Singapore, chairs the college advisory board of Nanyang Technological University's College of Engineering, and is also Council Chairman of Ngee Ann Polytechnic. In addition, he is Vice Chairman and a trustee of the Kwong Wai Shiu Hospital, a charitable hospital which provides care for needy patients.

Mr Tang holds a First Class Honours degree in Mechanical Engineering from the University of Singapore and completed the Advanced Management Programme at INSEAD.

BOARD OF DIRECTORS

Ron Foo Siang Guan

Non-Executive & Independent Director

Appointed June 30, 2006

Chairman, Audit Committee

Member, Risk Committee

Member, Transformation Committee

Mr Ron Foo is an independent director. He heads the Board's Audit Committee and serves on the Board's Risk Committee and Transformation Committee.

Mr Foo brings with him more than 38 years of extensive auditing, accounting and financial experience in Singapore and overseas. He was a partner at PricewaterhouseCoopers, Singapore for 22 years before retiring from active service in December 2005. Mr Foo is presently a director of SIA Engineering Company.

Mr Foo has also been actively involved as a council member in the Institute of Certified Public Accountants of Singapore (ICPAS) and was awarded the ICPAS Gold Medal 2004 in recognition of his outstanding contributions and distinguished service to the accounting profession. Presently, he is a member of the Canadian Institute of Chartered Accountants, Canada and a fellow of the Institute of Singapore Chartered Accountants.

Lim Ah Doo

Non-Executive & Independent Director

Appointed November 7, 2008

Chairman, Risk Committee

Chairman, Special Committee

Member, Audit Committee

Member, Transformation Committee

Mr Lim Ah Doo is an independent director. He heads the Board's Risk Committee and Special Committee and serves on the Board's Audit and Transformation Committees. Mr Lim brings with him vast experience and wide knowledge as a former senior banker and corporate executive. He is currently an independent director of ARA-CWT Trust Management (Cache), GP Industries, Singapore Technologies Engineering Ltd, SM Investments Corporation, U Mobile Sdn Bhd, Bracell Limited (formerly known as Sateri Holdings Limited) and GDS Holdings Limited. He chairs the audit committees of ARA-CWT Trust Management (Cache), GP Industries, GDS Holdings and U Mobile. Mr Lim is also a member of the Ethics Sub-Committee under the Public Accountants Oversight Committee, Singapore.

During his 18-year distinguished banking career in Morgan Grenfell, Mr Lim held several key positions, including chairing Morgan Grenfell (Asia). He chaired the Singapore Investment Banking Association in 1994. From 2003 to 2008, Mr Lim was President and then Vice Chairman of the RGM group, a leading global resource-based group. He was formerly an independent director and Exco member of EDB Investments; an independent Commissioner and Chairman of the Audit Committee of PT Indosat, Indonesia; as well as a council member of the Singapore-Shandong Business Council and Singapore-Jiangsu Co-operation Council. Mr Lim also served as Chairman of EDBV Management and as an independent director and Chairman of the Audit Committee of PST Management.

Mr Lim holds an honours degree in Engineering from the Queen Mary College, University of London in 1971, and a Master of Business Administration from the Cranfield School of Management in 1976.

Past directorships in listed companies and major appointments 2013-2015: Chemoil Energy Limited, EDBI Pte Ltd, Linc Energy Limited and PST Management Pte Ltd.

Koh Chiap Khiong

Non-Executive & Non-Independent Director

Appointed May 6, 2011

Member, Audit Committee

Member, Transformation Committee

Member, Board Risk Committee

Mr Koh Chiap Khiong is a non-independent director and serves as a member on the Board's Transformation Committee, Audit Committee and Board Risk Committee. He is currently the Group Financial Officer (CFO) of Sembcorp Industries and is a director on the boards of various Sembcorp companies.

Mr Koh brings with him over 20 years of extensive expertise in financial reporting, tax, corporate finance, mergers and acquisitions, treasury, risk management and audit. He has over a decade's experience in managing infrastructure businesses and a strong knowledge of the energy and water sectors. He rejoined Sembcorp in 2008 after a three-year stint with Power Seraya as its CFO. Prior to that, he spent seven years in Sembcorp and served as the Utilities business' Head of Finance and Chief Risk Officer.

Mr Koh holds a First Class Honours degree in Accountancy from the National University of Singapore and completed the Advanced Management Programme at Harvard Business School.

Eric Ang Teik Lim

Non-Executive & Independent Director

Appointed April 30, 2013

Member, Board Risk Committee

Member, Executive Resource & Compensation Committee

Member, Nominating Committee

Mr Eric Ang is currently Senior Executive Advisor at DBS Bank Ltd, where he has been since the start of his banking career in 1978. Prior to this appointment, Mr Ang was Head of Capital Markets at DBS Bank Ltd. Through the years, he developed a long wealth of experience in Singapore's capital markets, having worked on landmark deals such as the listing of Singapore Airlines, Singapore Telecoms and CapitaMall Trust.

Currently, Mr Ang sits on the Board of Directors of Sembcorp Marine Ltd, Changi Airport Group (Singapore) Pte Ltd, Surbana Jurong Private Limited and DBS Foundation Ltd. He is the Co-Chairman of the SGX Disciplinary Committee and is one of the Vice-Chairmen of Community Chest in Singapore.

Mr Ang also sits on the Board of Directors of Hwang Capital (Malaysia) Bhd in Malaysia.

Mr Ang has a Bachelor's degree in Business Administration (Honours) from the University of Singapore.

BOARD OF DIRECTORS

Gina Lee-Wan**Non-Executive & Independent Director**

Appointed April 20, 2015

Member, Board Risk Committee

Mrs Gina Lee-Wan is an independent director and a member of the Board's Risk Committee.

She brings to the Board a wealth of experience in maritime law and is currently the co-head of Allen & Gledhill's Maritime & Aviation practice. Besides being awarded Maritime Lawyer of the Year at the Lloyd's List Asia Awards 2013, Mrs Gina Lee-Wan is consistently ranked in the top tier of leading individuals in shipping by Chambers Asia-Pacific and The Legal 500 Asia Pacific.

Called to the Singapore Bar in 1981 and to the Bar of England and Wales, Gray's Inn in 1980, Mrs Gina Lee-Wan is a member of the General Committee of the Singapore Chamber of Maritime Arbitration as well as a member of the Board of Directors of the Singapore Maritime Foundation. She is also an Honorary Legal Advisor to the Singapore Shipping Association; a Governor of Tanglin Trust School Limited; a council member and chairperson of the Singapore Shipping Association's Legal and Insurance Committee; and a committee member of the Singapore War Risks Mutual Class of Standard Asia.

Bob Tan Beng Hai**Non-Executive & Independent Director**

Appointed April 20, 2015

Member, Audit Committee

Member, Executive Committee

Mr Bob Tan is an independent director and a member of the Board's Audit and Executive Committees.

Mr Tan is currently Chairman of Singapore LNG Corporation Pte Ltd, Jurong Engineering Limited, Singex Holdings Pte Ltd and the Institute of Technical Education of Singapore. He also sits on the boards of SMRT Corporation Ltd, SMRT Trains Ltd, the Inland Revenue Authority of Singapore, the Ong Teng Cheong Labour Leadership Institute and Ascott Residence Trust Management Limited. In addition, he is a Member of the Board of Governors of the Singapore Manufacturing Federation and Council member of NTUC Club Management Council.

Mr Tan is a Fellow of the Institute of Chartered Accountants in England and Wales and the Singapore Institute of Directors.

Past directorships in listed companies and major appointments 2013-2015: CapitaMalls Asia Ltd and Asia Pacific Breweries Ltd.

SENIOR MANAGEMENT



MR WONG WENG SUN

President & Chief Executive Officer

Please refer to page 49.



MR ONG POH KWEE

Chief Operating Officer

Reporting to the President & Chief Executive Officer, Mr Ong manages Sembcorp Marine's operations, including production and global supply chain. He joined the company as an engineer in 1987 and was previously Managing Director of Sembawang Shipyard and Deputy President of Sembcorp Marine.

Mr Ong sits on the Board of the Singapore Maritime Foundation. He is a member of the Ministry of Manpower Workplace Safety & Health Council (Marine) Committee; Lloyd's Register South East Asia Technical Committee; ABS Southeast Asia Regional Committee; and DNV GL South East Asia & Pacific Maritime Committee.

Mr Ong holds a Master of Business Administration from the Sloan School of Management at Massachusetts Institute of Technology. He also has a Bachelor of Marine Engineering (first class honours) from the University of Newcastle-Upon-Tyne.



MR TAN CHENG TAT

Chief Financial Officer

Mr Tan reports to the President & Chief Executive Officer. He is responsible for accounting, corporate finance, reporting, tax and investor relations. Mr Tan sits on the boards of all the major subsidiaries of Sembcorp Marine.

With over 25 years of experience in accounting, audit, banking, tax and treasury, Mr Tan joined Sembcorp Marine in 1999. His past appointments included Financial Controller of Jurong Shipyard as well as Vice President of Finance and Deputy Chief Financial Officer of Sembcorp Marine. Prior to that, Mr Tan had worked in Sembcorp, DBS Bank and Ernst & Young.

Mr Tan holds a Bachelor of Accountancy (Honours) from the National University of Singapore and is a Fellow Member of the Institute of Singapore Chartered Accountants.

SENIOR MANAGEMENT

**MR CHUA SAN LYE***Chief Human Resource Officer*

Mr Chua reports to the President & Chief Executive Officer and is responsible for global human capital and talent management. He was previously Sembcorp Marine's Group Human Resource Director.

A veteran HR practitioner, Mr Chua is a member of the Industry Capability Building Committee at the Workplace Safety and Health Council (WSH), and also a member of the WSH Skills Council and the Marine & Offshore Technology Advisory Committee.

Mr Chua's past appointments included Director of Philips People Services at Philips Electronics (S) Pte Ltd and Director (Human Resources and Organisation Development) at the Energy Market Authority of Singapore. He joined Sembcorp Marine in 2006. Mr Chua holds a Bachelor of Business Administration from the National University of Singapore and a Master of Business Administration from the University of Leicester.

**MR WILLIAM GOH***Chief Strategy Officer*

Reporting to the President & Chief Executive Officer, Mr Goh is responsible for Group Strategy formulation and implementation as well as Corporate Development.

Mr Goh has close to 30 years of professional experience in corporate finance; strategy; risk management and operations; equity investment and portfolio management; investment banking; and venture capital. Prior to joining Sembcorp Marine in December 2015, he was Director of Investment and Portfolio Management at Temasek International Pte Ltd. His previous senior appointments also include Managing Director/Head of Infrastructure Finance at CIBC World Markets, and Board Director/Deputy General Manager of BankAmerica Singapore Ltd.

Mr Goh has a Bachelor of Accountancy (Honours) from the National University of Singapore. He is a Chartered Accountant (Institute of Singapore Chartered Accountants) and a Chartered Financial Analyst (CFA Institute).

**MR CHAN BOON SIONG***Chief Risk Officer*

Mr Chan reports to the Board Risk Committee and to the President & Chief Executive Officer. He is responsible for the planning, development and implementation of risk management across Sembcorp Marine's global operations.

Mr Chan joined Sembcorp Marine in December 2015, bringing with him over 30 years of experience in credit and transaction underwriting; risk analytics; asset and portfolio management; regulatory compliance; and customer relationship management. He was previously Chief Risk Officer at Transportation Partners Pte Ltd and Senior Vice President & Asia Pacific Risk Manager at GE Capital Aviation Services. Prior to these roles, Mr Chan held customer relationship management and risk management positions in the banking and finance industry, having worked for HSBC, OCBC and Banque Indosuez.

Mr Chan holds a Bachelor of Social Sciences (Honours, 2nd upper) from the National University of Singapore.



MR WANG ZIJIAN

Head of Singapore Yard Operations

Mr Wang reports to the Chief Operating Officer and oversees operations in all Sembcorp Marine yards in Singapore. He is responsible for developing the engineering capabilities across these yards and for ensuring that the yards consistently meet the standards required by customers.

Mr Wang has close to three decades of professional experience in ship repair, rig-building, conversion and general management. Under his stewardship, Sembcorp Marine Tanjong Kling Yard successfully delivered numerous rig and FPSO major conversion projects.

Mr Wang holds a Bachelor of Engineering, Naval Architecture and Ocean Engineering from Shanghai Jiao Tong University. In 2008, he attended the INSEAD Advanced Management Programme in France.



MR LEE YEOK HOON

*Executive Vice President
New Yard Development*

Mr Lee reports to the President & Chief Executive Officer and is responsible for the ongoing development of Sembcorp Marine's flagship Tuas Boulevard Yard. He joined the company as a design engineer in 1970 and was appointed Executive Director of Jurong Shipyard from 2004 to 2011. Prior to his current role, he was Executive Director of New Yard Development at Sembcorp Marine.

Mr Lee holds directorships in Sembcorp Marine subsidiaries, including Jurong Autoblaster Services; Jurong Marine Contractors; Jurong Marine Services; Jurong Machinery & Automation; JPL Services; and JPL Industries.

Mr Lee has a Diploma in Mechanical Engineering from the Singapore Polytechnic.



MS WONG LEE LIN

Head of Repairs & Upgrades

Ms Wong reports to the President & Chief Executive Officer. She manages Sembcorp Marine's Repairs & Upgrades business, which includes product areas such as repair, refurbishment, retrofitting, life extension and upgrading of vessels; upgrading of marine and offshore structures; jumboisation and dejumboisation.

Previously the Executive Director of Sembawang Shipyard, Ms Wong was credited with building and maintaining many long-term partnerships with ship owners, through which Sembcorp Marine continues to enjoy a steady flow of ship repair and upgrading work.

Ms Wong is a veteran in the marine industry. She holds bachelor degrees in Arts and in Social Sciences (Honours) from the National University of Singapore.

SENIOR MANAGEMENT

**MR WILLIAM GU***Head of Rigs & Floaters*

Mr Gu reports to the President & Chief Executive Officer. He manages Sembcorp Marine's Rigs & Floaters business, which includes product areas such as construction and conversion of FPSO, FDPSO, FSO, FPU, FLNG and MOPU; as well as construction of drillships, semi-submersibles, jack-up rigs, TLPs and SPARs.

Mr Gu has established many long-term partnerships with offshore vessel and rig owners. He was instrumental in strengthening the Sembcorp Marine brand among oil majors.

Mr Gu holds a Bachelor of Engineering, Naval Architecture and Ocean Engineering from Shanghai Jiao Tong University.

**MR HO NEE SIN***Head of Offshore Platforms*

Mr Ho reports to the President & Chief Executive Officer. He manages Sembcorp Marine's Offshore Platforms business, which includes product areas such as process, production, riser, drilling, wellhead, power generation and accommodation platforms, wind farm sub-stations, and LNG modules.

Under his stewardship, Sembcorp Marine consolidated its track record in the successful delivery of offshore fixed and floating production facilities, as well as the fabrication and integration of topside facilities.

Since the start of his career at Jurong Shipyard, Mr Ho has held various senior appointments, including Chief Executive Officer of Sembcorp Utilities China and Managing Director of Sembawang Engineers and Constructors. He holds a Bachelor of Science in Engineering from National Taiwan University and a Master of Science from Imperial College, University of London.

**MR FREDDIE WOO***Head of Specialised Shipbuilding*

Mr Woo reports to the President & Chief Executive Officer. He manages Sembcorp Marine's Specialised Shipbuilding business, overseeing product areas such as accommodation repair vessels, offshore supply vessels, offshore tugs, dredgers, and research vessels.

Mr Woo was previously the Executive Director of Jurong SML Pte Ltd, where he was responsible for all operational and commercial matters at the Benoi and Tuas Road yards.

Mr Woo's wealth of experience straddles Operations, Estimation as well as Marketing and Sales. He holds a Diploma in Mechanical Engineering from the Singapore Polytechnic.



MR WONG TECK CHEONG

*Managing Director
PPL Shipyard Pte Ltd*

Reporting to the President & Chief Executive Officer, Mr Wong manages the business and operations of Sembcorp Marine subsidiary PPL Shipyard Pte Ltd.

Mr Wong has close to 25 years of professional experience in oil and gas infrastructure as well as offshore rig building. Since joining PPL Shipyard in 1999, he has been involved in the construction and repair of over 40 units of offshore jack-up drilling rigs. Prior to that, Mr Wong worked in engineering and project management for oil and gas infrastructure at the Promet Group.

Mr Wong holds a Bachelor of Engineering and a Master of Engineering Science from the University of New South Wales.



MR NG THIAM POH

Head of Supply Chain

Mr Ng reports to the Chief Operating Officer. He leads the Global Supply Chain team, with responsibilities for procuring materials and equipment at competitive prices; formulating effective sourcing strategies; and establishing strategic alliances with suppliers.

Mr Ng started his career as a Management Trainee at Sembawang Shipyard in 1980. He has since worked in various roles at Sembcorp Marine, including operations, engineering design, project management and yard development.

Mr Ng has a Bachelor of Science in Naval Architecture and Ocean Engineering with First Class Honours from the University of Glasgow.

SENIOR MANAGEMENT

**MS CHIONH KEAT YEE**

Head of Performance Management and Mergers & Acquisitions

Reporting to the President & Chief Executive Officer, Ms Chionh oversees group performance as well as mergers and acquisitions, such as Sembcorp Marine's recent acquisition of SSP Offshore and equity participation in GraviFloat AS.

Ms Chionh has been the Head of Performance Management and Mergers & Acquisitions since 2008. Prior to this, she was with Sembcorp Industries Ltd as Vice President of Economic Value-added and Head of Finance for Singapore Operation in Jurong Island.

Ms Chionh is a Fellow Member of the Association of Chartered Certified Accountants (UK) and a Member of Institute of Singapore Chartered Accountants.

**MS TAN YAH SZE**

Head of Legal and Corporate Secretariat

Reporting to the President & Chief Executive Officer, Ms Tan is responsible for the legal, corporate secretarial and insurance functions. She is currently Joint Company Secretary.

Ms Tan joined Sembcorp Marine in 2003. She was called to the Singapore Bar in 1992 and was in private practice for a number of years before joining Sembcorp Parks Management as an in-house counsel.

She holds a Bachelor of Laws and a Master of Laws from the National University of Singapore.

**MR TAN HENG JACK**

Head of Internal Audit

Mr Tan reports to the Board Audit Committee and administratively to the President & Chief Executive Officer. He is responsible for managing the company's internal audit activities, and ensuring that the internal audit function continue to align with the International Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

A Fellow Member of the Institute of Singapore Chartered Accountants, Mr Tan has over 20 years of experience in both external and internal auditing. His career stints with a major public accounting firm and multinational corporations have provided him with opportunities to work on various challenging assignments and in many countries across the Asia Pacific region.

Mr Tan holds a Bachelor of Accountancy from the Nanyang Technological University.



MR CHIA CHEE HING

Head of IT

Mr Chia reports to the President & Chief Executive Officer and is responsible for Sembcorp Marine's global information systems.

Mr Chia joined Jurong Shipyard in 1991 as a Systems Analyst. He was appointed Sembcorp Marine's Vice President for Management Information Systems in 2006.

Mr Chia holds a Bachelor of Arts and Sociology from the National University of Singapore.



MR DAVID WONG

Head of Corporate Communications

Mr Wong reports to the President & Chief Executive Officer and oversees the corporate communications function. He joined Sembcorp Marine in May 2015.

Mr Wong has 20 years of professional experience in communications and marketing, with over 15 years in the shipping and marine industry.

He holds a Bachelor of Arts in Communication from the University of Canberra and a Master of Business Administration from the Macquarie Graduate School of Management.



MS LISA LEE

Head of Investor Relations

Ms Lee reports to the Chief Financial Officer and heads the investor relations function.

A veteran investment and research analyst, Ms Lee was executive director of Nomura Asia Research (Asia ex-Japan) from 2004 to 2013. She has over 15 years of experience in equities investment research covering the Singapore and Malaysia markets in the property, oil & gas, conglomerates and transport sector. She previously also worked as a journalist with the Singapore Press Holdings, writing for publications such as The Business Times.

Ms Lee holds a Bachelor of Arts and Sociology from the National University of Singapore.

SENIOR MANAGEMENT

**MR SIMON KUIK***Head of Research & Development*

Reporting to the President & Chief Executive Officer, Mr Kuik is responsible for the research and development of new products.

Prior to his current appointment, Mr Kuik was General Manager (Technology Development and Solutions) at Sembawang Shipyard, where he was in charge of the development and marketing of new products and services, and also the management of the yard's Quality Control and IT departments. His past appointments at Sembcorp Marine included Quality Manager, General Manager (Engineering) and General Manager (Operations).

Mr Kuik has a Bachelor of Engineering in Marine Technology, with First Class Honours in Naval Architecture, from the University of Newcastle-Upon-Tyne.

**MS JESSIE LAU***Head of Administration*

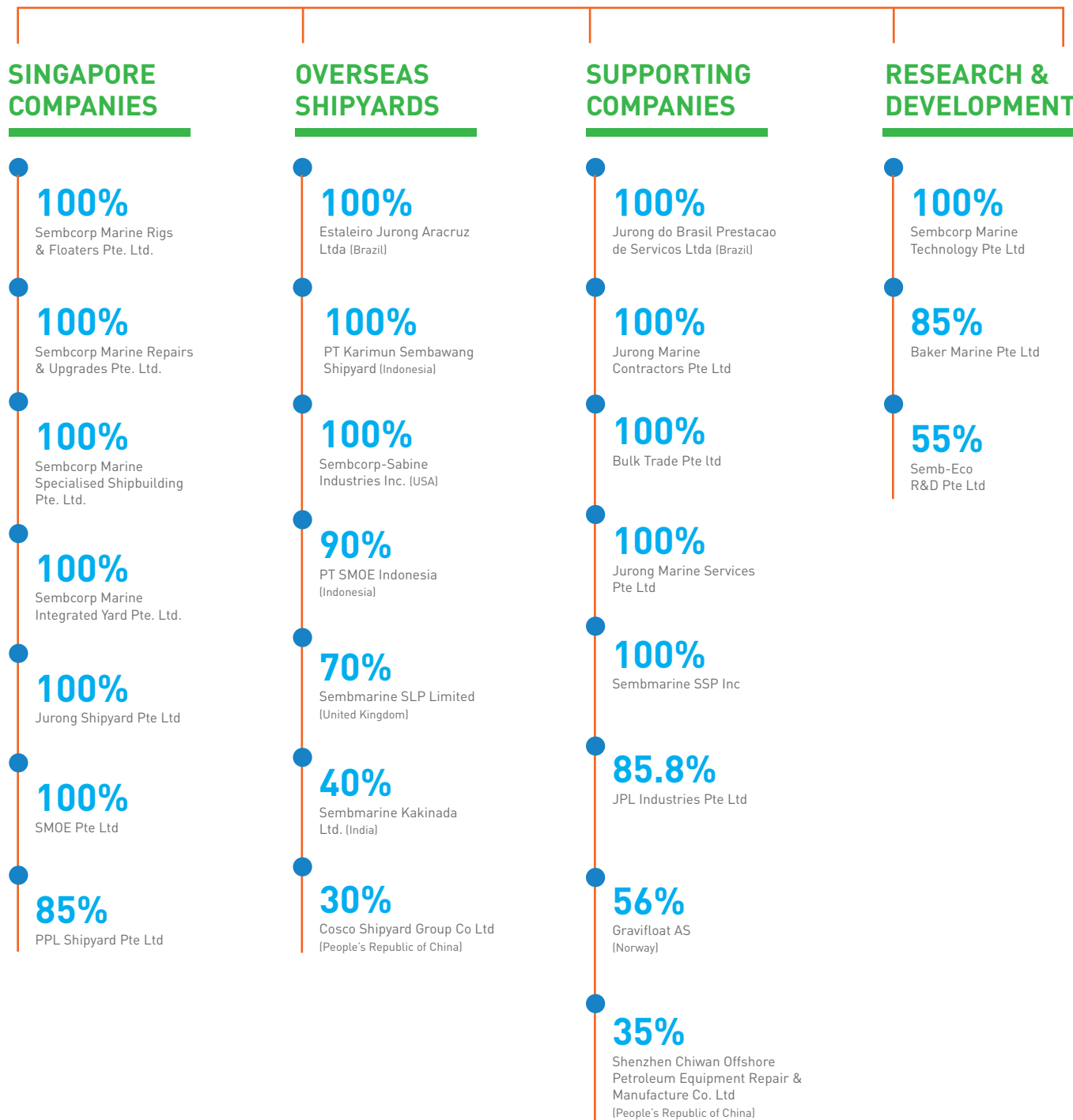
Reporting to the President & Chief Executive Officer, Ms Lau oversees the administration function.

She is responsible for the office administration and business centre function at Sembcorp Marine shipyards.

Ms Lau joined Sembcorp Marine in 1975. She holds a Bachelor of Science in Business Administration from Oklahoma City University.

CORPORATE STRUCTURE

SEMBCORP MARINE



CORPORATE DIRECTORY

REGISTERED OFFICE

Sembcorp Marine Ltd
29 Tanjong Kling Road
Singapore 628054
Telephone: (65) 6265 1766
Fax: (65) 6261 0738

BOARD OF DIRECTORS

Tan Sri Mohd Hassan Marican
Chairman

Wong Weng Sun
President & CEO

Ajaib Haridass
Tang Kin Fei
Ron Foo Siang Guan
Lim Ah Doo
Koh Chiap Khiong
Eric Ang Teik Lim
Gina Lee-Wan
Bob Tan Beng Hai

AUDIT COMMITTEE

Ron Foo Siang Guan
Chairman

Lim Ah Doo
Koh Chiap Khiong
Bob Tan Beng Hai

EXECUTIVE RESOURCE & COMPENSATION COMMITTEE

Tan Sri Mohd Hassan Marican
Chairman

Ajaib Haridass
Tang Kin Fei
Eric Ang Teik Lim

NOMINATING COMMITTEE

Ajaib Haridass
Chairman

Tan Sri Mohd Hassan Marican
Tang Kin Fei
Eric Ang Teik Lim

BOARD RISK COMMITTEE

Lim Ah Doo
Chairman

Ajaib Haridass
Ron Foo Siang Guan
Koh Chiap Khiong
Eric Ang Teik Lim
Gina Lee-Wan

TRANSFORMATION COMMITTEE

Tan Sri Mohd Hassan Marican
Chairman

Ron Foo Siang Guan
Lim Ah Doo
Koh Chiap Khiong

EXECUTIVE COMMITTEE

Tan Sri Mohd Hassan Marican
Chairman

Wong Weng Sun
Ajaib Haridass
Tang Kin Fei
Bob Tan Beng Hai

SPECIAL COMMITTEE

Lim Ah Doo
Chairman

Tan Sri Mohd Hassan Marican
Ajaib Haridass
Tang Kin Fei

COMPANY SECRETARY

Tan Yah Sze

REGISTRAR

KCK Corpserve Pte Ltd
333 North Bridge Road
#08-00 KH Kea Building
Singapore 188721

SHARE LISTING

Sembcorp Marine's shares are listed on the Singapore Exchange Securities Trading Limited

PRINCIPAL BANKERS

The Bank of Tokyo-Mitsubishi UFJ, Ltd
Citibank N.A.
DBS Bank Ltd
Mizuho Bank, Ltd.
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
Audit Partner: Kenny Tan Choon Wah
(Appointed during the financial year ended 31 December 2013)

SHAREHOLDERS' INFORMATION

STATISTICS OF SHAREHOLDINGS AS AT 3 MARCH 2016

SHARE CAPITAL

Issued and fully paid up capital	: S\$484,288,253.02
Number of issued shares	: 2,089,760,107
Number of treasury shares	: 1,287,731
Number of shareholders	: 39,356
Class of shares and voting rights	: Ordinary shares with equal voting rights [#]

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to Sembcorp Marine as at 3 March 2016, approximately 38.43% of the issued ordinary shares of the Company is held by the public and therefore, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Deemed Interest		Total Interest	
	No. of shares	% ^{##}	No. of shares	% ^{##}	No. of shares	% ^{##}
Sembcorp Industries Ltd ("SCI")	1,274,270,764	61.01	-	-	1,274,270,764	61.01
Temasek Holdings (Private) Limited ("Temasek") ^{###}	-		1,274,376,155	61.02	1,274,376,155	61.02

TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%
1	Sembcorp Industries Ltd	1,274,270,764	61.01%
2	DBS Nominees Pte Ltd	99,249,311	4.75%
3	DBSN Services Pte Ltd	86,943,566	4.16%
4	Citibank Noms S'pore Pte Ltd	60,187,751	2.88%
5	United Overseas Bank Nominees	46,374,533	2.22%
6	Raffles Nominees (Pte) Ltd	30,679,828	1.47%
7	HSBC (Singapore) Noms Pte Ltd	22,220,530	1.06%
8	Tan Kwi Kin	10,293,210	0.49%
9	Bank of S'pore Noms Pte Ltd	10,160,853	0.49%
10	OCBC Nominees Singapore	9,733,169	0.47%
11	BNP Paribas Securities Svcs	6,301,876	0.30%
12	OCBC Securities Private Ltd	5,243,834	0.25%
13	IMC Co., Ltd.	4,100,000	0.20%
14	Phillip Securities Pte Ltd	3,939,356	0.19%
15	Wong Weng Sun	3,482,184	0.17%
16	UOB Kay Hian Pte Ltd	3,466,049	0.17%
17	Merrill Lynch (S'pore) Pte Ltd	3,071,231	0.15%
18	DB Nominees (S) Pte Ltd BNP	3,008,884	0.14%
19	ABN AMRO Noms S'pore Pte Ltd	2,721,234	0.13%
20	DBS Vickers Secs (S) Pte Ltd	2,703,500	0.13%
Total		1,688,151,663	80.83%

LOCATION OF SHAREHOLDERS

Location of Shareholders	No. of Shareholders	%	No. of Shares	%
Singapore	38,249	97.19%	2,069,184,692	99.08%
Malaysia	701	1.78%	7,174,300	0.34%
Hong Kong	43	0.11%	432,200	0.02%
Japan	6	0.02%	5,953,000	0.29%
US	27	0.07%	303,400	0.01%
UK	26	0.07%	304,600	0.01%
Europe	14	0.03%	82,600	0.00%
Australia/	91	0.23%	747,600	0.04%
New Zealand				
Others	199	0.50%	4,289,984	0.21%
Total	39,356	100.00%	2,088,472,376	100.00%

SHAREHOLDING DISTRIBUTION

Size of Shareholdings	No. of Shares	%
1 - 999	3,762	0.00%
100 - 1000	4,953,634	0.24%
1,001 - 10,000	120,959,240	5.79%
10,001 - 1,000,000	256,448,901	12.28%
1,000,001 and above	1,706,106,839	81.69%
Grand Total	2,088,472,376	100.00%

Notes:

[#] Ordinary shares purchased and held as treasury shares by the Company will have no voting rights.

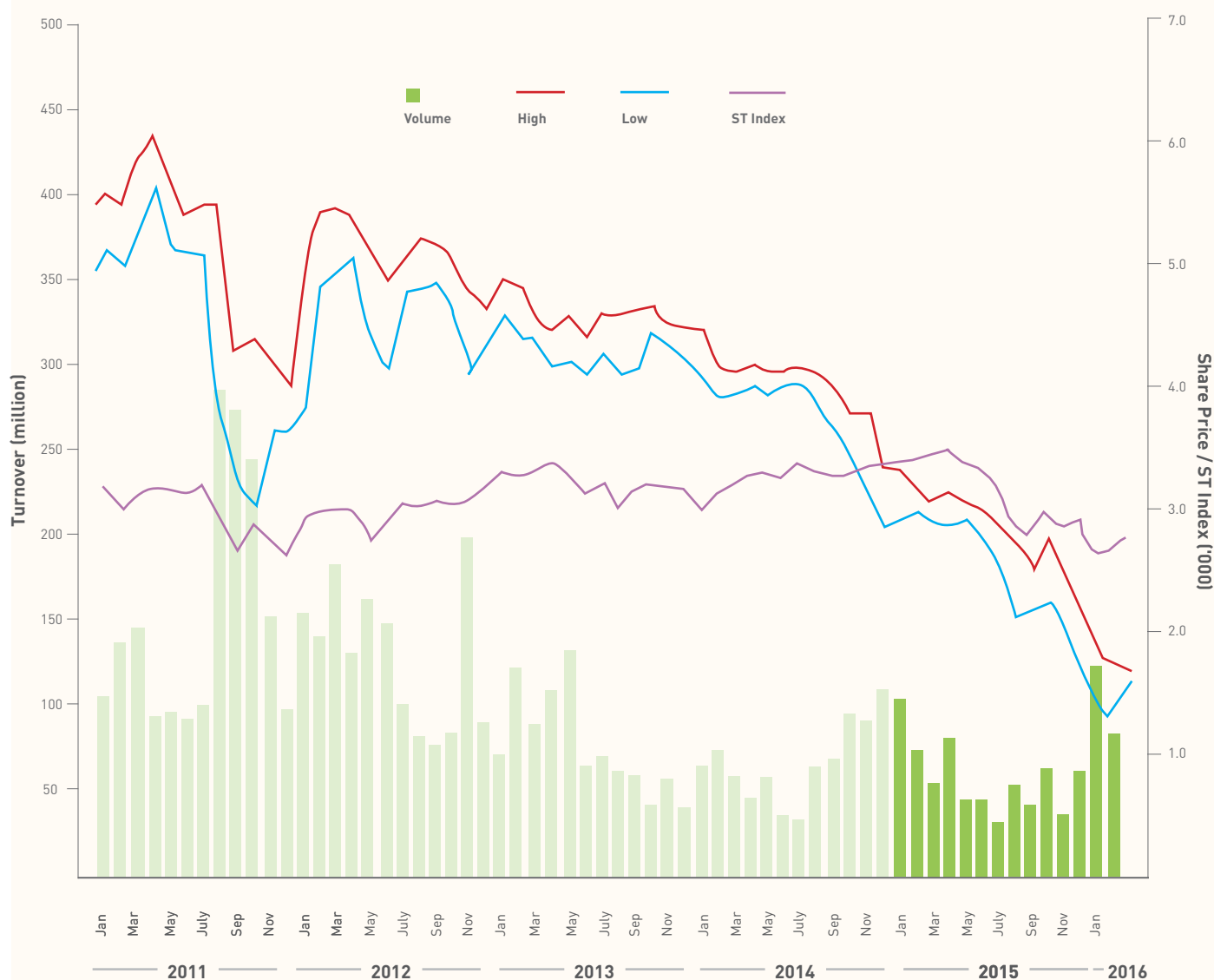
^{##} Based on 2,089,760,107 shares in issue (and disregarding 1,287,731 shares held in treasury) as at 3 March 2016.

^{###} Temasek is deemed to be interested in the 1,274,270,764 shares held by SCI and the 105,391 shares in which its subsidiaries and/or associated companies have or are deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289.

SHAREHOLDERS' INFORMATION

SHARE PRICES & MONTHLY VOLUMES

Investor Data	2011	2012	2013	2014	2015
Earnings Per Share (cents)	36.13	25.81	26.61	26.83	-13.87
Total Dividend Per Share (cents)	25.00	13	13	13	6
Share price (\$)					
High	6.01	5.28	4.87	4.45	3.32
Low	3.10	3.8	4.13	2.89	1.65
Close	3.82	4.6	4.45	3.26	1.75
Turnover					
Volume (million shares)	1,827	1,558	923	807	696
Value (\$'million)	8,273	5,671	4,086	3,048	1,890
Net Tangible Assets Per Share (cents)	114.14	115.19	126.76	139.40	118.00



INVESTOR RELATIONS

01.



Sembcorp Marine strives to uphold high standards of corporate governance and transparency through open communication and active engagement with the investment community. The Group is committed to ensuring accurate, balanced and timely disclosures in compliance with the evolving regulatory environment. This enables shareholders, investors and the public to make well-informed investment decisions. Through its comprehensive Investor Relations (IR) programme, Sembcorp Marine proactively reaches out to its stakeholders with a diverse range of communication channels and engagement platforms, keeping them abreast of the Group's strategies, fundamentals, financials and operations.

ENGAGING INVESTORS & STAKEHOLDERS

Sembcorp Marine's senior management and IR team actively engage stakeholders as part of ongoing efforts to foster transparency and to facilitate continuous dialogue with shareholders and potential investors.

In 2015, the Group continued to build and strengthen connections with analysts, fund managers and institutional investors. With strong management support, the IR team organised and took part in about 200 tele-conference calls and direct engagements during the year, including

one-on-one, group and post-results meetings, investors' conferences and institutional yard visits. Views by both buy-side and sell-side analysts and fund managers gathered from the conference calls, meetings and industry research reports were channelled to the management and Board, providing useful feedback for strategic planning.

Sembcorp Marine also maintained close links with its overseas shareholders and investors through 75 individual and group meetings at non-deal roadshows and investor conferences in Hong Kong, Japan, Europe, the United Kingdom and the United States.

01.

Close interaction between top management and the investment community

02.

Active dialogue with shareholders during the 2015 Annual General Meeting

INVESTOR RELATIONS



02.

During the year, the IR team and management participated in five key investor conferences, namely the Bank of America Merrill Lynch (BAML) 2015 ASEAN Conference, DBS Vickers Pulse of Asia Conference 2015, Macquarie Securities 2015 ASEAN Conference, Morgan Stanley 14th Asia Pacific Summit, and the Nomura Investment Summit 2015. Management met with some 80 fund managers and analysts from the buy-side as well as institutional investment groups during these conferences.

In addition to the quarterly post-results tele-discussions for analysts, combined briefings with the media were organised for the half-year and full-year results. In complying with regulatory requirements, quarterly results for the Group were announced within 45 days of the close of the previous quarter.

A key highlight of Sembcorp Marine's investor relations calendar is the Annual General Meeting (AGM) held in April. Besides providing a platform for the voting of resolutions, the AGM also allows shareholders and retail investors an opportunity to voice their feedback and engage the Board of Directors and senior management. The AGM on 17 April 2015 drew close to 300 shareholders.

The Group shares insights with investors on its business performance and strategic direction via its Annual Report, which has an integrated Sustainability Report that details Sembcorp Marine's approach to managing environmental, social and governance aspects in accordance with GRI G4 Core guidelines. The IR team will continue to enhance investor

communications and sustainability reporting on material issues in order to align them with the evolving requirements and expectations of Sembcorp Marine's stakeholders.

The Group keeps shareholders and investors informed of its latest developments through regular and timely uploads of SGX announcements, financial results and news releases on a dedicated investor relations section of the corporate website www.sembmarine.com. An email alert service is also available for interested parties to receive notification of announcements and updates posted online. Stakeholders who wish to contact the IR team can email to investor.relations@sembmarine.com.

COMMITMENT TO CORPORATE GOVERNANCE

As a recognition of its continuous commitment towards corporate governance, Sembcorp Marine was ranked eighth among 639 companies in the 2015 Governance and Transparency Index (GTI), an improvement from 17th position in the previous year. Commissioned by The Business Times and the Centre for Governance, Institutions and Organisations of the National University of Singapore, with the support of CPA Australia and the Investment Management Association of Singapore, the GTI is an annual joint research initiative which assesses the financial transparency of companies based on their annual announcements.

INVESTOR RELATIONS EVENT HIGHLIGHTS

1Q 2015	2Q 2015	3Q 2015	4Q 2015
<ul style="list-style-type: none"> FY2014 Results Conference Post Results Investors' Lunch / Corporate Investors' Day Convened AGM / EGM 2015 Participated in Bank of America Merrill Lynch ASEAN Conference 	<ul style="list-style-type: none"> 1Q 2015 Results Tele-conference Post Results Investors' Lunch / Corporate Investors' Day Participated in non-deal roadshows with DBS Vickers in USA and Macquarie in UK and Europe 	<ul style="list-style-type: none"> 2Q & 1H 2015 Results Conference Post Results Investors' Lunch / Corporate Investors' Day Participated in non-deal roadshows with HSBC in Singapore and Nomura in Hongkong Participated in DBS Vickers Pulse of Asia Conference, Goldman Sachs 2nd Annual IR Forum and Macquarie Connections Conference 	<ul style="list-style-type: none"> 3Q & 9M 2015 Results Tele-conference Post Results Investors' Lunch / Corporate Investors' Day Participated in Morgan Stanley 14th Asia Pacific Summit Organised yard visits for Morgan Stanley and Temasek delegations Participated in Nomura Tokyo Investment Forum

FINANCIAL CALENDAR

Announcement of Results & Dividends	2016	2015
Full year	February 15	February 12
Quarter 1	April 27*	April 27
Quarter 2	July 28*	July 29
Quarter 3	October 25*	October 22
Final Dividend Payment	May 13*	May 14
Delivery of Annual Report and Notice of Meeting	March 23	April 1
Annual General Meeting / Extraordinary General Meeting	April 18	April 17

* Updates will be posted on www.sebmarine.com



INVESTOR RELATIONS



04.

03.

Yard visit by institutional stakeholders

04.

Sharing insights with analysts and media during a financial results briefing

SHAREHOLDER DIVERSITY

Sembcorp Marine's registered shareholders totalled 39,356 as at 3 March 2016, although the actual number of investors is likely to be higher as the figure does not include holders of shares through nominees, investment funds and other share schemes.

The shareholding composition consists of Sembcorp Industries with a majority stake of 61.01% and public shareholders – including institutional investors and retail shareholders – representing approximately 38.43%. Sembcorp Marine has a well-diversified shareholder base spanning the United States, Canada, Europe, the United Kingdom, Middle East, Australia, Japan, Hong Kong, and Malaysia. The broad geographic spread of shareholders promotes greater market liquidity and prevents concentration risk.

SHARE PERFORMANCE

A constituent of the Straits Times Index, Sembcorp Marine has a market capitalisation of \$3.46 billion based on the closing share price of \$1.66 on 3 March 2016. The Company's shares averaged a daily value of US\$ 5.3 million in 2015. The share price ranged from \$3.14 at its highest to \$1.295 at its lowest.

Reflecting the challenging market conditions and the steep drop in oil prices, Sembcorp Marine's shares underperformed the FSSTI Index and the MSCI-Asia Pacific (excluding Japan) Index by 32.4 percentage points and 36.2 percentage points respectively during the period from 2 January 2015 to 3 March 2016.

ENVISION
TRANSFORM
SYNERGISE

AS ONE WORKFORCE

We deliver impactful value through continuous improvement
in innovation, efficiency and productivity

SEMBCORP MARINE:

SINGLE BRAND & COMPANY
ACROSS GLOBAL OPERATIONS



ROBUST MANAGEMENT FRAMEWORK

- Singapore Quality Class
- ISO 9001
- Singapore Innovation Class
- People Developer

GLOBAL HEADCOUNT OF

>13,300 EMPLOYEES

AS AT DECEMBER 2015

APPROACH TO SUSTAINABILITY

Sembcorp Marine is committed to delivering growth and long-term value for its shareholders, partners and society through business excellence and socially responsible operations. Recognising the importance of balancing its business objectives with the responsibilities towards a wider set of stakeholders, the Group adopts a precautionary approach in managing the environmental, social and governance aspects of its operations.

CORPORATE SOCIAL RESPONSIBILITY

Sembcorp Marine’s commitment to corporate responsibility is described in its Code of Business Conduct, which provides specific guiding principles for employee conduct, in line with the company’s core values and corporate governance policies. The Code is accessible to employees, stakeholders and the public on the Group’s corporate website.

In 2015, Sembcorp Marine joined the Global Compact Network Singapore. The membership reflects a strong support for the organisation’s work in advancing responsible business practices as guided by the United Nations Global Compact (UNGC) principles on human rights, labour, environment and anti-corruption.

Sembcorp Marine’s sustainability efforts are reinforced by its strong corporate governance practices. The Group was ranked eighth out of 639 companies in the Governance and Transparency Index, an annual ranking exercise jointly published by the National University of Singapore’s Centre for Governance, Institutions and Organisations and The Business Times with the support of CPA Australia and Investment Management Association of Singapore (IMAS).

SUSTAINABILITY COMMITTEE

The Sembcorp Marine Sustainability Steering Committee was formed in 2015 to manage the delivery of the Group’s sustainability programmes; monitor performance progress; and identify key material issues. The high-level Committee seeks to improve corporate competitiveness by managing sustainability risks and opportunities as well as meeting the expectations of its stakeholders.

Supporting the Committee at the operational level are various working teams, consisting of sustainability champions and key representatives covering a number of Sembcorp Marine’s core functions and locations.

As part of the Group’s transformation, several developments took place in 2015 which brought together corporate strengths and sustainability capabilities. This has led to the deepening of the company’s focus in the areas of Research & Development and Supply Chain Management to further sharpen competitiveness as well as the establishment of an Environmental Committee to align Group-level environmental performance reporting.

FOR MORE DETAILS ON SEMBCORP MARINE’S CORPORATE GOVERNANCE PRACTICES, PLEASE REFER TO PAGES 80 - 97.

SEMBCORP MARINE SUSTAINABILITY STEERING COMMITTEE



APPROACH TO SUSTAINABILITY

SUSTAINABILITY PERFORMANCE SUMMARY

	2013	2014	2015
Economic			
Turnover (\$'000)	5,525,882	5,832,595	4,968,132
Net profit (\$'000)	555,747	560,128	(289,672)
Economic value added (\$'000)	405,651	331,279	(808,800)
People			
Headcount	10,608	11,212	11,142
Investment in training (\$'M)	6.00	5.08	6.23
Employee turnover rate (%)	7.2	12.2	12.2
Workplace Safety and Health			
Number of fatalities - employees	1	0	0
Number of fatalities - contractors	0	0	2
Accident frequency rate (per million man-hours)	0.63	0.42	0.35
Accident severity rate (per million man-hours)	72.15	11.37	120.30
Workplace injury rate (per 100,000 persons employed)	214.81	139.86	118.69
Environmental			
Water withdrawal (million m ³)	2,479	2,137	2,201
Waste disposal - hazardous (MT)*	9,723	9,464	30,557
Waste disposal - non-hazardous (MT)*	44,060	38,958	36,713
Waste disposal - recycled (MT)*^	143,533	135,831	163,954
GHG Emissions from direct energy - diesel (tCO ₂ e)	58,310	49,358	47,893
GHG Emissions from direct energy - liquefied gases (tCO ₂ e)#	11,865	12,130	12,296
GHG Emissions from indirect energy (tCO ₂ e)+	64,409	83,934	82,860
Community			
Community contributions (\$'M)	3.57	3.26	3.82

Notes:

* Sembcorp Marine Pandan Yard and Tuas Crescent Yard began to track disposal volumes through vendors in 2014.

^ Two of the identified largest contributors of recyclable waste in shipyard operations are copper slag and steel scraps.

Historical gas fuel emissions have been restated to reflect a calculation error for natural gas.

+ 2014 figure has been updated to reflect new data from Energy Market Authority.

MATERIALITY AND STAKEHOLDER ENGAGEMENT

In 2015, Sembcorp Marine intensified the internal scrutiny of its material issues with the involvement of the new Sustainability Steering Committee (SSC), established in the same year. To deepen the SSC's understanding of sustainability issues, training was conducted where sustainability concepts and impacts were presented to management and committee members in preparation for the materiality review.

The expanded group of managers and employees involved in the materiality review, conducted by an external sustainability consultant, provided a broader base of opinions on the internal ranking of issues affecting Sembcorp Marine's operations and value chain. Feedback was collected on a range of issues and then prioritised based on relative importance during an interactive session with the participants. The SSC meetings also served to engage a wider set of internal audience on sustainability drivers, management and reporting.



01.

01. Participants at the sustainability workshop

External perspectives relating to existing material issues from 2014 were further reviewed using investor feedback and desk-based research. After collating all inputs, the shortlisted material issues were ratified by the SSC.

This process resulted in the validation of seven material issues. The assessment, which employed AccountAbility's Materiality Framework (2006-2013), included inputs from a five-part Materiality Test conducted in 2014 and incorporated materiality guidance from the Global Reporting Initiative (GRI) G4 sustainability reporting guidelines.

Reflecting Sembcorp Marine's integrated management approach, the key changes recorded in this process included the reclassification of 'Product Development' and 'Innovation' as the new material issue 'Innovation and Solutions Development'; as well as the integration of 'Materials Management', comprising steel consumption and waste management, into the issue 'Environmental Performance', along with other environmental topics.

The ratified list of material issues is shown in the following section.

MATERIAL ISSUES

CORPORATE GOVERNANCE

BUSINESS INTEGRITY

[Pg 80 Corporate Governance, Pg 98 Risk Management]

It is vital to ensure business integrity through good corporate governance and sound risk management processes in order to safeguard the long-term interests of shareholders and the Group's assets. Upholding Sembcorp Marine's reputation as a well-governed and socially responsible company enables the Group to continually gain the trust and confidence of its customers, investors, partners and other stakeholders. The Group respects human rights and operates with professionalism, fairness and integrity in compliance with legal regulations across its global network. Committed to ethical business conduct, the Group does not tolerate bribery and corruption in its dealings and operations.

Approach:

Sembcorp Marine has comprehensive systems in place to promote business integrity and attain a high level of corporate governance, in line with its core values and Code of Business Conduct. Its corporate governance framework, which covers its Singapore and global operations, includes fraud risk management; anti-bribery and anti-corruption policies; as well as procedures and systems, which come under the oversight of Board-level Committees. Through stringent internal and external audit processes, the Group continually monitors, reviews and evaluates its business operations to ensure integrity and compliance with evolving standards and requirements. Sembcorp Marine's corporate governance reporting and practices comply with the Code of Corporate Governance issued on May 2, 2012, by the Monetary Authority of Singapore.

Material impact:

Customers, Employees, Financial Community, Regulators

APPROACH TO SUSTAINABILITY

ECONOMIC

INNOVATION & SOLUTIONS DEVELOPMENT

[Pg 102 Sustaining Competitiveness]

Sembcorp Marine's drive to innovate and develop value-added, sustainable and cost-competitive solutions enables the Group to create new income streams and tap on emerging opportunities for future growth. A key component of Sembcorp Marine's business strategy is expanding and diversifying its portfolio of products, services and technologies to offer customers innovative and customised solutions across the offshore and marine value chain. Diversity in the Group's product mix strengthens its versatility and resilience so as to mitigate cyclical risks in the industry. Process innovation continuously enhances Sembcorp Marine's productivity and efficiency, ensuring competitiveness and sustaining business profitability.

Approach:

Sembcorp Marine adopts a three-pronged approach to research, develop and collaborate on innovation and solutions development. Leveraging both in-house expertise and an extensive network of collaborating partners, the Group is focused on expanding and accelerating the search and creation of emerging technology and new opportunities. The company works actively to initiate, evaluate and manage the development and deployment of new products, technologies, systems and processes. These range from conceptualisation and prototyping to test-bedding and commercial implementation.

Material impact:

Customers, Investors, Regulators, Suppliers & Contractors

CUSTOMER SATISFACTION

[Pg 102 Sustaining Competitiveness]

Customers are important stakeholders and vital partners in Sembcorp Marine's progress and success. It is crucial to forge sustainable partnerships with them and retain their loyalty for long-term business growth. Managing customer satisfaction is an important focus, as Sembcorp Marine takes pride in providing excellent service to its partners. The Group's various measures of customer satisfaction provide leading indicators for its economic performance and business resilience. Customers' inputs are highly valued as useful feedback for Sembcorp Marine's operations, products and services.

Approach:

Sembcorp Marine's approach focuses on ensuring that customers have full access to a range of communication channels; monitoring and maintenance of customer relationships; and ensuring timely action.

A customer relationship management framework is applied at the Group level with senior management oversight on customer satisfaction, retention and growth performance. The various yard facilities adapt these processes according to the nature of the projects and the customers they are managing. All of Sembcorp Marine's yards are certified to the ISO 9001 Quality Management System, which includes both internal and external compliance audits.

Material impact:

Customers, Employees, Suppliers & Contractors, Shareholders, Financial Community

HEALTH, SAFETY & ENVIRONMENT

OCCUPATIONAL HEALTH & SAFETY

[Pg 126 Workplace Safety & Health]

Strict workplace health and safety standards give Sembcorp Marine a competitive advantage as well as a foundation for its operations. The Group upholds high standards of occupational safety and health to safeguard the welfare of its employees, contractors, suppliers and stakeholders.

Approach:

The robust Health, Safety and Environment (HSE) management systems at Sembcorp Marine and its yards ensure compliance with national and international regulations as well as recognised standards, such as OHSAS 18001 Occupational Health and Safety standards as well as Singapore's Safety and Health Act. The key thrusts for the Group's workplace safety and health (WSH) strategy involve enhancing its HSE competencies and capabilities; building up commitment and leadership towards a better WSH culture; garnering support from stakeholders; as well as continuously improving risk and safety management systems. The Group's HSE strategy is integrated into all levels of operations, with oversight from the Board Risk Committee.

Material impact:

Customers, Regulators, Employees, Suppliers, Contractors, Shipyard Occupiers, Community

ENVIRONMENTAL PERFORMANCE

[Pg 132 Environmental Focus]

Sembcorp Marine recognises the importance of operating with minimal impact to the environment. The Group strives to do this while working towards operational competitiveness and sustainable growth.

Approach:

Sembcorp Marine's environmental performance is managed as part of the Group's broader integrated HSE management framework. Adopting a preventive approach, the Group employs processes for identifying, monitoring and mitigating its environmental impact with regard to emissions-induced climate change, waste management and the use of energy, water and resource materials. The various yard facilities undergo regular audits for compliance with local regulations and international standards. Sembcorp Marine's environmental management systems cover employees, contractors, customers and shipyard occupiers, who are required to abide by the Group's policies and practices. In managing its environmental impact, Sembcorp Marine also promotes the adoption of eco-friendly technologies downstream to its customers.

Material impact:

Community, Customers, Employees, Contractors, Shipyard Occupiers, Regulators

APPROACH TO SUSTAINABILITY

PEOPLE

HUMAN CAPITAL

[Pg 114 Human Capital]

People are Sembcorp Marine's most valuable asset. Supporting the Group's corporate objectives, the strategic human resource management framework encompasses workforce recruitment, retention and development to meet current and future human capital needs. It is important for the Group to identify capable talent and groom the next generation of leaders as part of succession planning for Sembcorp Marine's sustainable growth and long-term competitiveness.

Approach:

Sembcorp Marine complies with the labour laws in its various countries of operation, including fair employment guidelines in line with the Ministry of Manpower Employment Act of Singapore, which is a member country of the International Labour Organisation. Aligned with the principles advocated by the national Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP), the Group respects employees' right to freedom of association and embraces fair employment, diversity and inclusivity at the workplace.

Sembcorp Marine's human capital strategy covers the strategic thrusts of workforce development and retention, competencies building and skills enhancement, organisational development as well as forging a strong company culture and identity. The Group gears its people development systems towards business excellence to support the attainment of recognised accreditations – including ISO 9001, SPRING Singapore Quality Class, Singapore Innovation Class and People Developer standards – which involve structured review and evaluation processes. Various engagement platforms and communication channels are utilised to gather employee feedback, in order to achieve continuous improvement.

Material impact:

Regulators, Customers, Employees, Contractors, Community

COMMUNITY

COMMUNITY ENGAGEMENT

[Pg 138 Community Development & Involvement]

As a responsible corporate citizen and caring business organisation, Sembcorp Marine recognises the importance of active involvement in the community. Contributing towards community improvements and social advancements enables the Group to extend its positive influence as an agent for change and value creation.

Approach:

The Community Committee champions the Group's community engagement strategy which focuses on 'youth and education', 'community care and development', 'nation building', 'environmental care', 'arts promotion', and 'industry outreach'. Regular reviews are conducted to evaluate the scope of Sembcorp Marine's social outreach efforts and the effectiveness of its community initiatives.

Material impact:

Employees, Community

STAKEHOLDERS

Sembcorp Marine recognises its stakeholders' concerns and regularly engages them on ways to enhance the management of sustainability risks and opportunities that contribute to commercial growth.

The majority of the Group's stakeholders – such as customers, media, fund managers, specialist vendors and classification societies, and global regulatory bodies – are international. Stakeholders in Singapore include contractors and government ministries.

STAKEHOLDERS & ENGAGEMENT PLATFORMS

Stakeholders	Engagement Platforms	Stakeholders' Expectations/ Concerns	What the Group did in 2015
Customers	<ul style="list-style-type: none"> Platforms to network and build relationships Annual alliance meetings with partners Tenders Regular project coordination meetings and customer visits Naming ceremonies and delivery events for completed projects Participation in exhibitions, conferences and networking events Corporate website, email and newsletters 	<ul style="list-style-type: none"> Flexibility to work together Ability to offer cost-saving facilities and capabilities over competitors Clear channels of communication Alignment with customers' codes of conduct in areas such as health, safety, security, environment and quality Timely delivery within budget Accurate and timely information Compliance with new international environmental expectations 	<ul style="list-style-type: none"> \$3.17 billion in new contracts, including three offshore platform topsides from Maersk Oil North Sea; the world's largest semi-submersible crane vessel from Heerema Offshore Services; and two floating storage and offloading (FSO) projects from Teekay and MODEC respectively. Highest number of 34 LNG vessels repaired and upgraded in the world Record of 12 cruiseships repaired, upgraded and refurbished Active participation in tenders and introductory meetings Participation in 4 exhibitions across USA, Norway and Singapore to meet customers and industry partners Annual customer networking functions – Singapore, USA and Norway One-on-one meetings between senior management and customers Mid- and post-project customer sessions to gather comments and feedback Development of proprietary green technologies, SSP circular hull floater solutions and GraviFloat near-shore LNG terminals
Suppliers & Contractors	<ul style="list-style-type: none"> Project planning platforms Quotations and requests for proposal Tenders Performance audits Inspections and quality audits Training for contractor partners Involvement in safety campaigns and events Joint site inspections of projects Regular dialogue platforms with senior management 	<ul style="list-style-type: none"> Compliance with terms and conditions of purchasing policies and agreements Training support Clear communication channels Opportunities for growth and collaboration 	<ul style="list-style-type: none"> Daily work briefings with contractors and suppliers Review of vendors in Approved Vendor List Involvement of resident contractors in workplace safety and health improvement programmes Dialogue sessions at various levels ranging from management to operations Safety management system audits on resident contractors Ongoing tenders and projects
Employees	<ul style="list-style-type: none"> Regular reviews and appraisals Employee dialogue sessions Intranet platforms for policies, news and benefits Briefings and toolbox meetings Development programmes and training workshops/courses Meet-the-management sessions Union-management dialogues Grievance/feedback channels Safety and innovation campaigns Social events including festive celebrations Newsletters, posters and memos 	<ul style="list-style-type: none"> Conducive workplace Nurturing environment Fair labour practices and compensation Career growth/personal development opportunities Dynamic two-way communication platforms 	<ul style="list-style-type: none"> Annual awards and recognition e.g. WSH awards and long service awards Annual performance review and appraisal Training on anti-bribery policies and whistle-blowing channels Employee bonding and festive events Invested \$6.23 million in training and development programmes Launch of a customised 'Global Leadership Development' programme in collaboration with Singapore Management University 33 employee engagement sessions organised, involving more than 3,200 management staff Conducted employee engagement survey Newsletters and annual report Health programmes with medical institutes Annual WSH innovation convention Regular engagement with unions Regular updates through intranet portals, emails and memos
Financial Community (Shareholders, analysts, fund managers, regulators & media)	<ul style="list-style-type: none"> Results announcements and news releases Annual meeting for shareholders Briefings for analysts and media Meetings, conference calls and site visits for analysts and fund managers Roadshows and investor conferences Corporate website Newsletters 	<ul style="list-style-type: none"> Corporate governance and compliance Transparent, open and effective communication Timely information Profitability Responsible management 	<ul style="list-style-type: none"> Quarterly results reports made accessible via corporate website and email Annual General Meeting for all shareholders Bi-annual financial results briefings for analysts, bankers and media Uploads on corporate website and Singapore Exchange SGXNET for public access 200 teleconferences, meetings, conference calls and site visits for analysts/institutional investors 80 face-to-face sessions with analysts and fund managers Publications such as annual reports, sustainability reports and newsletters available through the website Open communication channels accessible to all through website, email and telephone

APPROACH TO SUSTAINABILITY

Stakeholders	Engagement Platforms	Stakeholders' Expectations/ Concerns	What the Group did in 2015
Local Communities	<ul style="list-style-type: none"> Timely news releases Multi-tiered financial assistance programmes Corporate website and email feedback channels Educational programmes Organisation of events Sponsorship of events Collaborations with educational institutions Newsletters 	<ul style="list-style-type: none"> Promoting community care and welfare Support for social and community causes Active corporate citizenship 	<ul style="list-style-type: none"> Contributions of more than \$3.82 million to community and industry causes, e.g. SchoolBAG grants of \$256,000 and national WSH campaign sponsorship of \$180,000 Various scholarships offered with 23 accepted by tertiary students Academic awards and bursaries of \$66,100 disbursed to children of employees Annual Green Wave Environmental Care Competition: 234 projects entries received from 850 students Festive activities for the less privileged Annual National Day Parade sponsorship and participation Website and publications
Government & Industry Partners	<ul style="list-style-type: none"> Formal and informal dialogue sessions with government authorities and trade associations on safety, health, manpower, security and environmental issues Events to share information with the industry Events to promote the industry 	<ul style="list-style-type: none"> Compliance with regulations Collaborative efforts to share knowledge Joint development and deployment of best practices Joint management of resources and expertise 	<ul style="list-style-type: none"> Site visits and discussions with government representatives Participation in local events to promote the industry and enhance strategic relations e.g. Latin Asia Business Forum by IE Singapore Safety campaigns and training seminars with industry partners e.g. national WSH Council Joint safety, security, environment, health and innovation-related activities with partners e.g. CultureSAFE programme and WSH innovation convention

SCOPE OF SUSTAINABILITY REPORT

Prepared in accordance with the GRI G4 Core requirements and aligned with ISO 26000 Guidance on Social Responsibility, this is the fifth Sustainability Report published by Sembcorp Marine since FY2011.

Sembcorp Marine is committed towards continuous advancement in its sustainability reporting journey, with external assessment conducted periodically to guide the company forward. The Group aims to enhance the depth and scope of its coverage to include key overseas entities and to progress towards assurance. The report provides insights into the Group's approach of integrating sustainability into its management strategies, corporate structure and business operations.

The scope of reporting in the sustainability section is limited to Sembcorp Marine's Singapore-based entities and all data stated relate to its Singapore operations from 1 January to 31 December 2015, unless otherwise stated.

The implementation of Sembcorp Marine's 'Transformation for Growth' strategy in July 2015 saw the transition of the Group from a multi-shipyard organisation into a single brand and company, with a focus on four key capabilities – Repairs and Upgrades, Rigs and Floaters, Offshore Platforms, and Specialised Shipbuilding – across its global operations.

Sembcorp Marine's yards in Singapore are now an integrated Group leveraging on the synergies of seven locations in Tuas Boulevard, Admiralty, Tanjong Kling, Benoi, Tuas Crescent,

Tuas Road and Pandan Road. The Group completed the transfer of its Pulau Samulun yard operations following the end of the facility lease in the fourth quarter of 2015.

FOR MORE DETAILS ABOUT SEMBCORP MARINE'S TRANSFORMATION STRATEGY, PLEASE REFER TO PAGES 26 - 31.

ACCESSIBILITY

Sembcorp Marine's Sustainability Report continues to be combined with the Annual Report for ease of reference and to provide a cohesive overview of the Group's operations and commitments. To promote greener practices, limited print copies of the combined reports are produced. Previous reports can be accessed at the Sembcorp Marine corporate website.

For queries and feedback on the Group's Sustainability Report, please email to sustainability@sembmarine.com.

FOR MORE INFORMATION ON THE GRI STANDARD DISCLOSURES AND INDICATORS, PLEASE REFER TO PAGES 144 - 148.

CORPORATE GOVERNANCE

Sembcorp Marine Ltd (“Sembcorp Marine” or the “Company”) is committed to attaining a high level of corporate governance to help ensure the future sustainability of the organisation and to create long term value for its shareholders. This report outlines Sembcorp Marine’s corporate governance practices with reference to Singapore Code of Corporate Governance 2012 (“Code”). The Company has complied in all material aspects with the principles and guidelines set out in the Code and any deviations are explained in this report. Sembcorp Marine will continue to review its corporate governance policies regularly in order to enhance its corporate governance standard and to meet the rising expectations of shareholders and investors.

BOARD MATTERS

Board’s Conduct of its Affairs (Principle 1) Effective Board to lead and control

The board of directors (“Board”) is responsible for overseeing the business affairs of the Company and its subsidiaries (collectively the “Group”) and setting strategic direction and establishing goals for Management. The Board works with Management to achieve these goals set for the Group.

The key responsibilities of the Board include:

- providing entrepreneurial leadership and strategic direction of the Group and ensuring that resources are available for the Group to meet its objectives;
- ensuring prudent and effective controls for safeguarding shareholders’ interests and the Group’s assets;
- setting the Group’s values and standards and ensuring that obligations to shareholders and stakeholders are met;
- monitoring Management’s performance towards achieving organisational goals; and
- considering sustainability issues including environmental and social factors in the formulation of Group’s strategies.

All directors are expected, in the course of their duties, to act in good faith and consider at all times the interests of the Group.

The Board has established the following committees which assist the Board in discharging its responsibilities and providing independent oversight of the Management:

- Audit Committee (“AC”)
- Executive Resource & Compensation Committee (“ERCC”)
- Nominating Committee (“NC”)
- Board Risk Committee (“BRC”)
- Executive Committee (“ExCo”)
- Transformation Committee (“TC”)
- Special Committee (“SC”)

Other ad hoc committees can be formed from time to time to look into specific areas of the Group’s needs.

BOARD COMPOSITION AND COMMITTEES

Board Members	Audit Committee	Executive Resource & Compensation Committee	Nominating Committee	Board Risk Committee	Transformation Committee	Executive Committee	Special Committee
Tan Sri Mohd Hassan Marican		Chairman	Member		Chairman	Chairman	Member
Wong Weng Sun						Member	
Ajaib Haridass		Member	Chairman	Member		Member	Member
Tang Kin Fei		Member	Member			Member	Member
Ron Foo Siang Guan	Chairman			Member	Member		
Lim Ah Doo	Member			Chairman	Member		Chairman
Koh Chiap Khiong	Member			Member	Member		
Eric Ang Teik Lim		Member	Member	Member			
Gina Lee-Wan				Member			
Bob Tan Beng Hai	Member					Member	

CORPORATE GOVERNANCE

These committees function within clearly defined terms of reference which are reviewed by the Board on a regular basis.

The ExCo assists the Board in reviewing and approving matters as required under the Group's policies. It also evaluates business opportunities for the Group.

The TC was a special purpose committee formed to oversee the transformation efforts of the Group, taking into account the Group's business expansion in Singapore and globally. The SC conducts an internal investigation into an allegation of improper payments in Brazil and deals with issues that arise in connection with the matter.

Details of other Board committees are set out in the following sections of this report.

The Board meets on a quarterly basis, and as warranted by particular circumstances. A director who is unable to attend any meeting in person may participate in the meeting via video or teleconference.

A record of the directors' attendance at Board and its committee meetings during the financial year ended 31 December 2015 ("FY2015") is disclosed below.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Director	Board Meeting		Audit Committee Meeting		Board Risk Committee Meeting		Executive Committee Meeting		Nominating Committee Meeting		Executive Resource & Compensation Committee Meeting		Transformation Committee Meeting		Special Committee Meeting		Joint Audit and Board Risk Committee Meeting	
	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹	Attended
Tan Sri Mohd Hassan Marican ²	12	12					9	9	2	2	3	3	3	3	16	15		
Wong Weng Sun	11 ³	10					9	9										
Ajaib Haridass ⁴	12	12			4	4	9	9	2	2	3	3			16	14	1	1
Tang Kin Fei ⁵	12	11			2	2	9	9	2	2	3	3			16	8		
Ron Foo Siang Guan ⁶	12	12	6	6	4	3							3	3			1	1
Lim Ah Doo ⁷	12	11	6	6	4	4							3	3	16	16	1	1
Koh Chiap Khiong ⁸	12	11	6	5	2	2							3	3			1	1
Eric Ang Teik Lim	12	11			4	4											1	1
Gina Lee-Wan ⁹	9	9			2	2											1	1
Bob Tan Beng Hai ¹⁰	9	9	4	4													1	1

1 The number of meetings held while each director was in office.

2 Tan Sri Mohd Hassan Marican was appointed a member of the Special Committee on 10 February 2015.

3 As an executive director, Mr Wong Weng Sun was not required to attend the 22 October 2015 Board meeting which was convened for non-executive directors only.

4 Mr Ajaib Haridass was appointed a member of the Special Committee on 10 February 2015. He stepped down as the Chairman of the Board Risk Committee on 27 April 2015 and remains as a member of the Board Risk Committee.

5 Mr Tang Kin Fei was appointed a member of the Special Committee on 10 February 2015 and stepped down as a member of the Board Risk Committee on 27 April 2015.

6 Mr Ron Foo Siang Guan was appointed as the Chairman of the Audit Committee on 27 April 2015.

7 Mr Lim Ah Doo was appointed as the Chairman of the Special Committee on 10 February 2015. He stepped down as the Chairman of the Audit Committee on 27 April 2015 and remains as a member of the Audit Committee.

8 Mr Koh Chiap Khiong was appointed a member of the Board Risk committee on 27 April 2015.

9 Mrs Gina Lee-Wan was appointed a director of the Company on 20 April 2015 and a member of the Board Risk Committee on 20 April 2015.

10 Mr Bob Tan Beng Hai was appointed a director of the Company on 20 April 2015 and a member of the Audit Committee on 20 April 2015.

The Company has adopted a set of internal controls which sets out approval limits for different types of transactions such as procurement of goods and services, capital expenditure, investments and divestments, bank borrowings and foreign exchange. Board's approval is required if the amount of a transaction exceeds a pre-defined threshold.

A comprehensive orientation programme, including facility visits to the Group's various premises, is provided to all newly-appointed directors. They are briefed on the Group's business activities, financial performance, governance policies and practices, regulatory regime and their duties as directors.

Directors are updated regularly on relevant new laws, regulations and changing business risks during Board meetings or at specially-convened sessions. Arrangements are made for them to attend training sessions, courses and seminars conducted by external consultants and institutions at the Company's expense.

A formal letter of appointment which sets out the director's duties and obligations is given to each newly-appointed director. The director also receives an information pack which contains the Group's organisation structure, senior Management's contact details, the Company's constitution, group policies and a list of recent significant issues discussed at Board meetings.

Board's Composition and Guidance (Principle 2) Strong and Independent Board

The Board comprises 10 directors, 7 of whom (including the Chairman of the Board) are independent directors, one of whom (the President & CEO of Sembcorp Marine) is an executive director, and the rest are non-executive and non-independent directors.

The Board currently comprises the following members:

Directors	Position held on the Board	Date of first appointment to the Board	Date of last re-election / re-appointment as director	Nature of appointment
Tan Sri Mohd Hassan Marican	Chairman	1 October 2011	17 April 2015	Non-Executive / Independent
Wong Weng Sun	Director / President & CEO	1 May 2009	22 April 2014	Executive / Non-Independent
Ajaib Haridass	Director	31 October 2003	19 April 2013	Non-Executive / Independent
Tang Kin Fei	Director	1 May 2005	17 April 2015	Non-Executive / Non-Independent
Ron Foo Siang Guan	Director	30 June 2006	17 April 2015	Non-Executive / Independent
Lim Ah Doo	Director	7 November 2008	22 April 2014	Non-Executive / Independent
Koh Chiap Khiong	Director	6 May 2011	22 April 2014	Non-Executive / Non-Independent
Eric Ang Teik Lim	Director	30 April 2013	22 April 2014	Non-Executive / Independent
Gina Lee-Wan	Director	20 April 2015	NA	Non-Executive / Independent
Bob Tan Beng Hai	Director	20 April 2015	NA	Non-Executive / Independent

CORPORATE GOVERNANCE

The NC has ensured that at least one third of the Board is made up of independent directors. It reviews the independence of each director annually based on the guidelines set out in the Code.

Tan Sri Mohd Hassan Marican is a non-executive and independent director of Sembcorp Industries Ltd ("SCI"), a controlling shareholder of the Company. He is also a Senior International Advisor at Temasek International Advisors, a subsidiary of Temasek Holdings Ltd ("Temasek"). His appointments in both SCI and Temasek are non-executive in nature. The Group's transactions with SCI or Temasek (if any) are safeguarded by the mandate for interested person transactions ("IPT Mandate") which was approved by the Company's shareholders at the last annual general meeting and is subject to yearly renewal. During FY2015, SCI provided consultancy services to the Group. The aggregate amount paid by the Group to SCI for such services exceeded \$200,000. Tan Sri Mohd Hassan Marican was not involved in the decision making related to the transactions between SCI and the Group. The aggregate value of the transactions during FY2015 was not significant compared with the revenues of both SCI and SCM groups. The Board considers Tan Sri Mohd Hassan Marican to be an independent director of the Company as the Board believes that he is able to exercise strong independent judgment in his deliberations and act in the best interests of the Company.

Mr Ajaib Haridass has served as an independent director on the Board for more than 9 years. He is a non-executive and independent director of SCI. The Board had conducted a rigorous review on Mr Ajaib Haridass' status and considered Mr Ajaib Haridass to be an independent director of the Company. The Board is of the view that Mr Ajaib Haridass has continued to demonstrate ability to exercise strong independent judgment and act in the interests of the Company. Further, having gained in-depth understanding of the business and operating environment of the Group, Mr Ajaib Haridass provides the Company with much needed experience and knowledge of the industry. His contributions have been invaluable to the Company.

Mr Ron Foo Siang Guan has served as an independent director on the Board for more than 9 years. The Board had conducted a rigorous review on Mr Ron Foo Siang Guan's status and considered him to be an independent director of the Company. The Board is of the view that Mr Ron Foo Siang Guan's more than 9 years of service on the Board has not affected his objectivity. He has continued to exercise strong independent judgment and act in the best interests of the Company. Mr Ron Foo Siang Guan has an extensive auditing, accounting, and financial experience in Singapore and overseas. His knowledge and experience have been invaluable to the Company.

Mr Eric Ang Teik Lim is a Senior Executive Advisor of DBS Bank Ltd ("DBS"). The Board considers that Mr Eric Ang Teik Lim's appointment at DBS has not affected his independence as the services provided by DBS in 2015 were standard services which were in the ordinary course of business of the Group and DBS. The Board had assessed and is of the view that the amounts paid were not significant in the context of the revenues of the Company and DBS.

Mrs Gina Lee-Wan is a partner of Allen & Gledhill LLP ("A&G") which had rendered services to the Group during FY2015. She does not have an interest of more than 10% in A&G. The services were provided to the Group by other partners. The Board had assessed and considered Mrs Gina Lee-Wan to be an independent director of the Company. The Board is of the view that Mrs Gina Lee-Wan's independence has not been compromised as the aggregate value of the transactions during FY2015 was not significant in the context of both the Company's and A&G's revenues.

Each director has been appointed on the strength of their calibre and experience. Board members comprise business leaders, bankers and professionals with financial and legal backgrounds. The profile of each director is set out on pages 48 to 53 of the annual report for the year ended 31 December 2015 ("FY2015 Annual Report"). The directors, having examined and taken into account the size, scope and nature of the operations of the Group, consider that the Board is of an adequate size with the right mix of skills and experience that facilitates effective decision making.

A majority of the Board comprises non-executive directors who constructively challenge and help develop strategies for the Group. They review the performance of Management in meeting agreed goals and objectives as well as reviewing management reports. In addition to contributing their valuable experience and providing insights into the Board's deliberations, each of them brings to the Board an objective perspective to enable balanced and well considered decisions to be made.

The non-executive directors met 4 times in 2015, without the presence of Management, to discuss the Management's performance.

Chairman and Chief Executive Officer (CEO) (Principle 3) A clear division of responsibilities between the Chairman and CEO to ensure a balance of power and authority

The Chairman of the Board and Sembcorp Marine's President & CEO are separate persons. There is a clear separation of the roles and responsibilities between the Chairman and the President & CEO. The President & CEO is not related to the Chairman.

The Chairman, who is an independent director, takes a leading role in the Group's drive to achieve and maintain a high standard of corporate governance with the full support of the directors, company secretaries and the Management.

The Chairman is responsible for the leadership of the Board and for ensuring its effectiveness in all aspects of the Board's role. He sets the agenda and ensures adequate and timely information is provided to directors and sufficient time is available for discussions on important issues. He promotes a culture of openness and debate at the Board. The Chairman facilitates the contribution of non-executive directors in particular, and ensures constructive relations within the Board and between the Board and Management. He also ensures effective communication with shareholders.

The President & CEO manages the operations of the Group in accordance with the Group's strategies and policies; implements the Board's decisions; and provides close oversight, guidance, advice and leadership to senior Management.

Board Membership (Principle 4) Formal and transparent process for appointment and re-appointment of directors

The NC comprises the following members, the majority of whom, including the Chairman, are non-executive and independent:

Mr Ajaib Haridass (Chairman)
Tan Sri Mohd Hassan Marican
Mr Tang Kin Fei
Mr Eric Ang Teik Lim

The primary purpose of the NC is to support and assist the Board in selection, appointment, and re-election of directors. It makes recommendations to the Board on:

- the review of the Board's succession plans for directors;
- the development of a process for evaluation of the performance of the Board, its committees and directors; and
- the review of training and professional development programmes for the directors.

The NC ensures that directors appointed to the Board and its committees possess the background, experience and knowledge in technology, business, finance and management skills critical to the Group's business and that each director brings to the Board an independent and objective perspective to enable balanced and well considered decisions to be made.

All directors (including the President & CEO) are required to submit themselves for re-nomination and re-appointment at regular intervals, and at least once every 3 years. Mr Wong Weng Sun, Mr Ajaib Haridass and Mr Lim Ah Doo will retire at the forthcoming annual general meeting ("AGM") pursuant to Article 91 of the Company's constitution, and have offered themselves for re-election at the AGM. Mr Ajaib Haridass will step down as a member of the Board Risk Committee with effect from the date of the AGM.

All newly appointed directors are also required to submit themselves for re-election at the AGM immediately following their appointments. Thereafter, they are subject to retirement by rotation in accordance with the Company's constitution. Mrs Gina Lee-Wan and Mr Bob Tan Beng Hai will retire at the AGM pursuant to Article 97 of the Company's constitution, and have offered themselves for re-election at the AGM.

The NC reviews annually, and as and when circumstances require, if a director is independent. The independence of each director is assessed based on their ability to act with independent judgment and to discharge their duties objectively.

The Board has adopted guidelines for addressing competing time commitments that are faced when directors serve on multiple boards and have other principal commitments. The Company has determined that a director should not hold more than 6 principal board representations to ensure that a director will have sufficient time and attention for the affairs of the Company.

The Board does not encourage the appointment of alternate directors. No alternate director is currently being appointed to the Board.

The Board has adopted a process for the selection, appointment and re-appointment of directors. The NC reviews the composition of the Board and Board committees periodically. It assesses and shortlists a list of candidates for a new position on the Board when a need arises. The list of shortlisted candidates is submitted to the Board for review and approval. The successful candidate is then appointed as a director of the Company in accordance with the Company's constitution.

The NC reviews the contribution and performance of each existing director before making recommendations to the Board for his re-election or re-appointment at the next AGM. Once the Board has considered and adopted the recommendations, the resolution proposing the re-election or re-appointment of a director will be tabled at the AGM for shareholders' approval.

CORPORATE GOVERNANCE

Key information regarding directors' profiles, disclosures of interests and directorships are disclosed in other sections of the FY2015 Annual Report.

Board Performance (Principle 5) **Formal assessment of the effectiveness of the Board and contribution by each director**

The Board believes that active participation and valuable contributions are essential to the overall effectiveness of the Board.

The NC reviews the Board's performance annually, based on performance criteria as agreed by the Board. The Chairman of the Board and the NC Chairman also review the performance of each individual director based on factors such as the director's preparedness, participation and contribution at Board meetings, and industry and business knowledge. The Chairman will act on the results of the performance evaluation and propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

For the year under review, each director was requested to complete a questionnaire based on the following areas of assessment:

- size and composition of the Board;
- Board's access to information;
- Board's processes and accountability; and
- Board's and its committees' performance.

The evaluation and feedback from the directors were consolidated and submitted to the Board for discussion and further improvements in its performance. Based on the overall assessment for 2015, the Board was effective as a whole.

Access to Information (Principle 6) **Complete, adequate and timely information**

All directors have access to complete, adequate and timely information and resources. Directors are provided with electronic tablets to enable them to access Board and Board committee papers 3 days prior to and during meetings. The Management provides the Board with monthly management reports on the Group's operational and financial performance.

The Board has separate and independent access to the President & CEO, members of senior Management and the company secretaries at all times. Management is also present at the meetings to address directors' queries or to provide further insights into matters concerned.

The company secretaries attend all Board and Board committee meetings and are responsible for ensuring that meeting procedures are followed and applicable rules and regulations are complied with. The company secretaries also ensure that good information flows within the Board and its committees, and between Management and non-executive directors. They assist the Board in the implementation and upkeep of good corporate governance and best practices across the Group.

The appointment and removal of each company secretary is a matter taken by the Board as a whole.

In the event that the directors, either individually or as a group, require independent professional advice in the furtherance of their duties, the company secretaries will, upon approval of the Board, appoint a professional advisor to render such services. The cost of such services will be borne by the Company.

REMUNERATION MATTERS **Procedures for Developing Remuneration Policies (Principle 7)** **Formal and transparent procedure for fixing remuneration packages of directors**

The ERCC comprises the following members, 3 of whom (including the Chairman) are independent directors and all of whom are non-executive directors:

Tan Sri Mohd Hassan Marican (Chairman)
Mr Tang Kin Fei
Mr Ajaib Haridass
Mr Eric Ang Teik Lim

The primary purpose of the ERCC is to support and advise the Company on remuneration matters and leadership development by:

- overseeing development of leadership and management talent;
- ensuring that the Group has appropriate remuneration policies; and
- designing remuneration packages with a focus on long-term shareholders' returns.

The ERCC establishes guidelines on share plans and other long-term incentive plans, and approves the grant of incentives to key executives. The underlying philosophy is to motivate executives to maximise operating and financial performance and shareholders' value.

In addition, the ERCC reviews the remuneration of non-executive directors, executive director and senior executives, as well as major human resource management and compensation policies and practices for the rest of the Group.

On an annual basis, a comprehensive talent management programme and the succession plans are presented to the ERCC for review. The ERCC reviews the succession plans for key and critical positions to align the business goals and the Group's human capital needs. This enables the Company to identify the talent pool and allow focus and devotion of time and resources to leverage the full value and potential of identified successors.

The Company has engaged Mercer (Singapore) to advise the ERCC on remuneration of directors and key executives. Mercer (Singapore) is an independent external consultancy firm. There is no relationship between the Company and Mercer (Singapore) that affects the independence and objectivity of Mercer (Singapore).

The President & CEO is not present during the discussions relating to his own remuneration, terms and conditions of service, and the review of his performance.

No ERCC member or any director is involved in deliberations on his own remuneration, compensation or any form of benefits. Hence the Board believes in the ability of the ERCC to exercise considered judgment in its deliberations and act in the best interests of the Company.

The ERCC reviews the terms of the contracts of service of directors and key management personnel to ensure that the terms are fair and reasonable, and termination clauses are not overly generous.

Level and Mix of Remuneration (Principle 8) Appropriate remuneration to attract, retain and motivate directors and key management

The Company believes that its remuneration and reward system is aligned with the long term interest and risk policies of the Company and that a competitive remuneration and reward system based on individual performance is important to attract, retain and incentivise the best talent.

The President & CEO, as an executive director, does not receive director's fee. As a lead member of Management, his compensation consists of his salary, allowances, bonuses and share-based incentives conditional upon meeting certain performance targets. Details on the share-based incentives and performance targets are available on pages 159 to 166 and 258 to 259 of the FY2015 Annual Report.

Non-executive Directors' Fees

The framework below adopted by the Company is based on a scale of fees divided into basic retainer fees, attendance fees and allowances for travel and service on Board committees:

Directors' Fee Framework		\$
(i)	Board of directors	
	- Basic	75,000
	- All-in Chairman's fee	600,000
(ii)	Audit Committee, Executive Committee, Transformation Committee and Special Committee	
	- Chairman's allowance	50,000
	- Member's allowance	30,000
(iii)	Board Risk Committee	
	- Chairman's allowance	40,000
	- Member's allowance	25,000
(iv)	Executive Resource & Compensation Committee	
	- Chairman's allowance	35,000
	- Member's allowance	20,000
(v)	Nominating Committee	
	- Chairman's allowance	25,000
	- Member's allowance	15,000
(vi)	Attendance	
	- Board meeting	5,000
	- Committee meeting	2,500
	- Teleconference (Board meeting)	2,000
	- Teleconference (Committee meeting)	1,000
(vii)	Travel Allowance for overseas directors	
	- < 4 hours (to & fro air travel time)	2,500
	- 4 to 15 hours (to & fro air travel time)	5,000
	- > 15 hours (to & fro air travel time)	10,000

Notes:

- (1) Mr Wong Weng Sun, being an executive director, does not receive any director's fee.
- (2) Cash fees for executives of SCI (nominee directors) are payable to SCI, but share awards are received by nominee directors in their personal capacity.
- (3) Fees for Mr Eric Ang Teik Lim will be paid entirely in cash to his employer, DBS.
- (4) Attendance fees for committee meetings also apply to attendance at general meetings.
- (5) Chairman of the Board will not receive the annual basic retainer fee for directors or any further fees or allowances for his services as chairman or member of any Board committees.
- (6) For FY2015, Mr Lim Ah Doo will receive a \$500,000 all-in Chairman fee for his role in the Special Committee. No separate attendance fees or other allowances will be paid to him as Chairman of the Special Committee. He will, however, continue to receive the annual basic retainer fee for directors as well as other applicable fees and allowances for his services as chairman or member of the Board and other Board committees.

CORPORATE GOVERNANCE

The current intention is that the directors' fees payable to non-executive directors will comprise a cash component and a share component. The ERCC has determined that up to 30% of the aggregate directors' fees approved by shareholders for a particular financial year may be paid out in the form of restricted share awards under the Sembcorp Marine Restricted Share Plan 2010. The payment of directors' fees (both the cash and share components) is contingent upon shareholders' approval. Directors and their associates will abstain from voting on any resolution(s) relating to their remuneration.

Share awards granted under the Sembcorp Marine Restricted Share Plan 2010 to directors as part of directors' fee will typically consist of the grant of fully paid shares outright with no performance and vesting conditions attached, but with a selling moratorium. Non-executive directors are required to hold shares in the Company (including shares obtained by other means) worth at least the value of their annual basic retainer fee (currently \$75,000); any excess may be disposed of as desired. A non-executive director may only dispose of all of his shares one year after leaving the Board.

The actual number of shares to be awarded to each non-executive director will be determined by reference to the volume-weighted price of a share on the SGX-ST over the 14 trading days from (and including) the day on which the shares are first quoted ex-dividend after the AGM (or, if no final dividend is proposed at the AGM or if the resolution to approve such final dividend is not approved at the AGM, over the 14 trading days immediately following the date of the AGM). The number of shares to be awarded will be rounded down to the nearest hundred and any residual balance will be settled in cash. The share component of the directors' fees for FY2015 is intended to be paid after the 2016 AGM has been held.

The shareholders of the Company had approved the payment of directors' fees of up to \$2,037,000 for FY2015 at the last AGM held on 17 April 2015. The Company will be seeking shareholders' approval at the forthcoming 2016 AGM for payment of \$904,792 as additional directors' fees to meet the shortfall in the amount payable for FY2015. The amount approved last year was insufficient due to (i) the appointment of two additional directors in 2015, (ii) the establishment of the Special Committee, and (iii) increased attendance fees attributed to the increase of the number of meetings of the Board and its committees held to respond to extraordinary market conditions. The proposed additional fees include a special fee of \$500,000 payable to Mr Lim Ah Doo as Chairman of the Special Committee for his active oversight role in spearheading and guiding the Special Committee, which was established on 10 February 2015 to conduct an internal investigation into an allegation of improper payments in Brazil and deal with issues arising in connection with the matter.

The Company will also be seeking shareholders' approval at the forthcoming AGM for the payment of directors' fees for year 2016. Subject to shareholders' approval, the cash component of the directors' fees for year 2016 is intended to be paid half-yearly in arrears. The share component of the directors' fees for year 2016 is intended to be paid after the 2017 AGM has been held.

The Company does not have a retirement remuneration plan for non-executive directors.

Remuneration for Key Management Personnel

The Company's remuneration and reward system for key management personnel is designed to ensure a competitive level of compensation to attract, retain and motivate employees to deliver high-level performance in accordance with the Company's established risk policies. The remuneration of the key management personnel comprises three primary components:

▪ **Fixed Remuneration**

Fixed remuneration includes annual basic salary, and where applicable, fixed allowances, annual wage supplement and other emoluments. Base salaries of key management personnel are determined based on the scope, criticality and complexity of each role, equity against peers with similar responsibilities, experience and competencies and individual performance relative to market competitiveness of roles with similar responsibilities.

▪ **Annual Variable Bonuses**

The annual variable bonus is intended to recognise the performance and contributions of the individual, while driving the achievement of key business results for the Company. The annual variable bonus includes two components. The first is linked to the achievement of pre-agreed financial and non-financial performance targets, while the second is linked to the creation of economic value added ("EVA").

The EVA-linked bonus component is held in a "bonus bank". Typically, one-third of the balance in the bonus bank is paid out in cash each year, while the balance two-thirds are carried forward to the following year. Such carried forward balances of the bonus bank may either be reduced or increased in future, based on the yearly EVA performance of the Group and its subsidiaries. There are provisions in the EVA incentive plan to allow for forfeiture of the outstanding balances in the bonus bank in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

▪ **Share-based Incentives**

The Company's performance share plan and restricted share plan were approved and adopted by the shareholders at an extraordinary general meeting of the Company held on 20 April 2010. Through the share-based incentives, the Company motivates key management personnel to continue to strive for the Group's long-term shareholder value. In addition, the share-based incentive plans aim to align the interests of participants with the interests of shareholders, so as to improve performance and achieve sustainable growth for the Company.

Pay for Performance

As in prior years, a pay-for-performance study was conducted in 2015 by the Company's external consultant, Mercer (Singapore), to review the alignment between the Group's executive pay programme, shareholder returns and business results. The Group benchmarked itself against established global marine, energy services and engineering firms and comparably-sized local listed companies with which the Group competes for talent and capital.

The study benchmarked different elements of senior executive pay, namely fixed remuneration, total cash remuneration and total compensation including long-term incentives, against those of peer companies. It found senior executive pay to be positioned competitively vis-à-vis the Group's relative size and performance. Executive compensation for the year had a robust correlation with the Group's earnings before interest and taxes and EVA. In the longer term, there was also an alignment between executives' total compensation (which includes share awards for the President & CEO and senior executives) and the Group's three-year earnings before interest and taxes, return on capital employed and total shareholder returns. Overall, the study showed a strong correlation between the Group's executive pay and its business results and shareholder returns, indicating strong pay-for-performance alignment.

Disclosure of Remuneration (Principle 9) **Clear disclosure on remuneration policy, level and mix of remuneration**

Information regarding remuneration of each individual director (including the President & CEO), and the five key executives is set out on pages 258 to 259 of the FY2015 Annual Report.

Key executives include the Chief Operating Officer, Executive Vice Presidents and Chief Financial Officer of the Group ("CFO").

There were no employees who were immediate family members of a director or the President & CEO, and whose remuneration exceeded \$50,000, during FY2015.

ACCOUNTABILITY AND AUDIT

Accountability (Principle 10) **A balanced and understandable assessment of the Company's performance, position and prospects**

The Board is accountable to shareholders and announces the Company's quarterly and full year financial results which present a balanced and understandable assessment of the Company's performance, position and prospects in a timely manner via SGXNet.

The Board ensures that the Company complies with the applicable legislative and regulatory requirements by establishing written policies where appropriate.

Management provides all members of the Board with management accounts accompanied by detailed explanations and information on a monthly basis or as the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Risk Management and Internal Controls (Principle 11) **A sound system of risk management and internal controls**

Sembcorp Marine has put in place a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets. Oversight responsibility of risk management and internal controls is delegated by the Board to the BRC and AC. Both committees work closely to ensure that the system of risk management and internal controls maintained by Management is adequate and effective.

The BRC comprises the following members, 5 of whom (including the Chairman) are independent directors and all of whom are non-executive directors:

Mr Lim Ah Doo (Chairman)
Mr Ajaib Haridass
Mr Ron Foo Siang Guan
Mr Koh Chiap Khiong
Mr Eric Ang Teik Lim
Mrs Gina Lee-Wan

CORPORATE GOVERNANCE

As part of its oversight responsibilities, the BRC undertakes the following:

- assess the adequacy and effectiveness of the Group's risk management framework (including policies, procedures and processes). Such reviews can be carried out internally or with the assistance of external parties;
- determine the Group's risk appetite and oversee Management in the design, implementation and monitoring of the Group's risk management framework;
- review and approve the Group's risk policies, plans, guidelines and limits; and
- review the infrastructure and resources that support risk management such as human resources, IT systems, reporting structure and procedures.

To ensure that the system of risk management and internal controls is adequate and effective, Sembcorp Marine has implemented the Enterprise Risk Management ("ERM") programme since 2004. The ERM programme helps the Group identify, assess and manage key risks in the challenging business environment that it operates in. For more information on the Group's ERM programme, please refer to pages 98 to 99 of the FY2015 Annual Report.

Since 2012, Sembcorp Marine has put in place a risk governance assurance framework to assist the Board in forming an opinion on the adequacy and effectiveness of the system of risk management and internal controls. The risk governance assurance framework was developed with guidance from external consultants, and has been implemented for both Singapore and overseas shipyards.

During the year under review, the Board was assured by the President & CEO and the CFO that the financial records had been properly maintained and the financial statements gave a true and fair view of the Group's operations and finances, and that the Group's system of risk management and internal controls was adequate and effective.

The Board, having performed its review, and with the concurrence of AC and BRC, is satisfied that the financial, operational, compliance and information technology controls and risk management system were adequate and effective as at 31 December 2015 to meet the needs of the Group in the current business environment.

This opinion is based on Management's review and effort to continually strengthen the Group's risk mitigating measures and internal controls, reports by the Internal Audit and Group Risk Management departments, statutory audits conducted by the external auditors as well as documentation in risk governance assurance framework.

Internal controls, because of their inherent limitations, can provide only reasonable and not absolute assurance regarding the achievement of their intended control objectives. In this regard, the Board is satisfied that if significant internal control failures or weaknesses were to arise, necessary actions would be swiftly taken to remedy them.

The Risk Management report is found on pages 98 to 101 of the FY2015 Annual Report.

Audit Committee (Principle 12) Establishment of an Audit Committee with written terms of reference

The AC comprises the following members, 3 of whom (including the Chairman) are independent directors and all of whom are non-executive directors:

Mr Ron Foo Siang Guan (Chairman)
Mr Lim Ah Doo
Mr Koh Chiap Khiong
Mr Bob Tan Beng Hai

The Board is of the view that the members of the AC have the necessary financial management expertise and experience to discharge their responsibilities. Management, external auditors and internal auditors update the AC as and when there are changes to the accounting standards and issues which have a direct impact on financial statements.

The AC is empowered and functions in accordance with the provisions of Section 201B of the Companies Act, the Listing Manual of SGX-ST ("Listing Manual") and the Code. The AC has the authority to investigate any activity within its terms of reference. It has full access to and co-operation by Management, and full discretion to invite any director or executive officer to attend its meetings. It is granted with reasonable resources for discharging its functions properly.

The duties of the AC include:

- reviewing quarterly results and any announcements relating to the Company's financial performance;
- reviewing management's representation on financial matters and internal controls presented quarterly;
- reviewing interested person transactions in accordance with the requirements of the Listing Manual;
- reviewing with the external auditors and internal auditors significant internal control issues, if any, which are likely to have a material impact on the Group's operating results and/or financial position;

- reviewing the representation and opinion of Management and internal audit on internal controls, and the results of work performed by the internal and external auditors, to provide AC's concurrence with the Board's opinion on the adequacy and effectiveness of internal controls and risk management system;
- reviewing the effectiveness of the Company's internal audit function;
- reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and
- recommending to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

The AC meets with the external auditors and internal auditors without the presence of Management at least annually.

The AC had reviewed all the non-audit services provided to the Group by the Company's external auditors, and is satisfied that such services had not affected the independence of the external auditors. A breakdown of the fees for audit and non-audit services paid to the auditors for FY2015 are found on page 216 of the FY2015 Annual Report.

The Company has put in place a whistle-blowing policy and procedure, under the oversight of the AC. Through this avenue, the employees of the Group or any other persons may, in confidence, raise concerns about possible improprieties in matters of financing reporting or other matters. The AC ensures that arrangements are in place for such concerns to be independently investigated, and for appropriate follow-up action to be taken.

During the year under review, the AC had carried out its duties in accordance with its terms of reference. The Chairman of the AC reports to the Board on AC's proceedings and on all significant matters relevant to the AC's duties and responsibilities.

In appointing auditors for the Company and its subsidiaries and significant associated companies, the Company has complied with Rules 712 and 715 of the Listing Manual.

No former partner or director of the Company's existing auditing firm or auditing corporation was appointed as a member of the Company's AC for FY2015.

INTERNAL AUDIT

An Effective Internal Audit Function (Principle 13) Establishment of an internal audit function that is independent of the activities it audits

The head of the Company's Internal Audit Department ("IAD") reports functionally to the AC and administratively to the President & CEO. The AC has empowered the IAD with access to all functions, personnel and records in the organisation necessary for the performance of IAD's reviews and duties. The AC also ensures that the IAD is adequately resourced.

IAD plans internal audit reviews and resource requirements in consultation with, but independent of, the Management. Its risk-based plan is submitted to the AC for approval at the beginning of each year and the AC reviews the internal audit reports quarterly. The IAD conducts audit reviews to provide assurance that the internal controls are adequate and effective to meet the Group's requirements.

IAD's staff consist of suitably qualified professionals with the relevant experience and skill sets. Training and development opportunities are provided to these staff on an ongoing basis.

The IAD adopts the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors and had successfully completed an external Quality Assurance Review in 2012.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights (Principle 14) Fair and equitable treatment of shareholders

Sembcorp Marine is committed to treat all shareholders fairly and equitably. The Company recognises, protects and facilitates the exercise of shareholders' rights, and continually reviews and updates such governance arrangements.

The Company ensures that there is an adequate disclosure of developments in the Group and such disclosure is in compliance with SGX-ST listing rules.

The Company invites and encourages all registered shareholders to participate in the Company's general meetings. Each shareholder will receive a notice of meeting which is also advertised in the newspapers and released via SGXNet.

CORPORATE GOVERNANCE

Communication with Shareholders (Principle 15) Regular, effective and fair communication with shareholders

The Company has put in place a comprehensive investor relations programme to promote regular, effective and fair communication with shareholders. The Company conveys pertinent information to shareholders and complies with the guidelines set out in the Listing Manual when disclosing information.

The Company does not practise selective disclosure of price sensitive information. The Board announces the Company's quarterly financial results and any significant transactions and developments via SGXNet on a timely basis.

General meetings are the principal forum for dialogue with shareholders. There is a question and answer session during which shareholders may raise questions or share their views regarding the proposed resolutions and the Group's business and affairs.

The quarterly and full year results announcements provide financial and other performance information of the Group as a whole as well as by business segments. This allows shareholders to gain better insights into the earning drivers within Sembcorp Marine. The earnings results are first released via SGXNet and posted on the SGX-ST website. The Management team then holds a briefing or teleconference for the media and analysts. Materials used at the briefing are made available on SGXNet and on the Company's website at www.sembmarine.com. Following any release of earnings or price-sensitive developments, investor relations personnel are available by email or telephone to answer questions from shareholders and the media as long as the information requested does not conflict with the SGX-ST's rules of fair disclosure.

Apart from the regular meetings, email communication and teleconferences with investors and analysts, the Management team also travels regularly to attend overseas road shows and conferences to reach out to foreign institutional investors.

The Company aims to balance returns to shareholders with the need for long-term sustainable growth. It strives to provide shareholders on an annual basis with a consistent and sustainable dividend based on cash position, working capital, capital expenditure plans, acquisition opportunities and market environment. The Board has recommended a final dividend of 2 Singapore cents per share, bringing the total ordinary dividend for FY2015 to 6 Singapore cents, if the proposed dividend is approved by the shareholders at the forthcoming AGM.

For further details on Sembcorp Marine's communication with its shareholders, please see the "Investor Relations" section of the FY2015 Annual Report.

Conduct of Shareholder Meetings (Principle 16) Greater shareholder participation at general meetings

All registered shareholders are invited to participate at shareholders' meetings. Under the new multiple proxy regime, "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, are allowed to appoint more than two proxies to attend, speak and vote at shareholders' meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at shareholders' meetings.

Voting in absentia by mail, facsimile or email is currently not permitted as such voting methods would need to be cautiously evaluated for feasibility to ensure that there is no compromise to the integrity of the information and the authenticity of the shareholders' identities.

The Company ensures that separate resolutions are proposed for substantially separate issues at general meetings.

The Chairman, President & CEO, Chairman of the AC as well as other directors, CFO and company secretaries attend the meetings. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Company ensures that minutes of each meeting include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. All minutes of shareholders' meetings are available on request by registered shareholders.

Since 2012, the Company has conducted electronic poll voting at shareholders' meetings for greater transparency in the voting process. The total number of votes cast for or against each resolution is tallied and displayed live on-screen to shareholders immediately after the vote has been cast and is also announced after the meetings via SGXNet.

DEALINGS IN SECURITIES

The Company has put in place a policy on dealings in securities, which prohibits dealings in the Company's securities by its officers during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the Company's financial year, and one month before the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant results.

The officers and employees of the Group are expected to observe insider trading laws at all times and are prohibited from dealing in the Company's securities while in possession of price sensitive information and on short-term considerations.

INTERESTED PERSON TRANSACTIONS (IPTs)

Shareholders approved the renewal of a general mandate for IPTs at the AGM on 17 April 2015. The mandate sets out the levels and procedures for obtaining approval for each type of IPTs covered under the mandate. Information regarding the mandate is available on the Company's website at www.sembmarine.com.

All business units are required to be familiar with the IPT mandate and report any such transactions to their respective finance departments. The Group Finance department keeps a register of the Group's IPTs.

Detailed information on IPTs for FY2015 is found on page 259 of the FY2015 Annual Report.

CORPORATE GOVERNANCE

DISCLOSURE GUIDE ON GOVERNANCE PRACTICES

Guideline	Questions	How has the Company complied?
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	The Company has complied in all material aspects with the principles and guidelines set out in the Code.

BOARD RESPONSIBILITY

Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Company has adopted a set of internal controls which sets out approval limits for different types of transactions. Board's approval is required if the amount of a transaction exceeds a pre-defined threshold.
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MEMBERS OF THE BOARD

Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>(a) The Board ensures that directors possess the background, experience and knowledge in technology, business, finance and management skills critical to the Group's business and that each director should bring to the Board an independent and objective perspective to enable balanced and well considered decisions to be made.</p> <p>(b) Current Board members include business leaders, bankers and professionals with financial and legal backgrounds. Details can be found on page 48 to 53 of the FY2015 Annual Report.</p> <p>(c) The Nominating Committee reviews the composition of the Board and Board committees periodically to ensure that the Board is of an adequate size with the right mix of skills and experience that facilitates effective decision making.</p>
Guideline 4.6	Please describe the Board's nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p>(i) The Nominating Committee assesses and shortlists a list of candidates for a new position on the Board when a need arises. The list of shortlisted candidates is submitted to the Board for review and approval and the successful candidate is then appointed as a director in accordance with the Company's constitution.</p> <p>(ii) The Nominating Committee reviews the contribution and performance of each existing director before making recommendations to the Board for his re-election or re-appointment at the next AGM. Once the Board has considered and adopted the Nominating Committee's recommendations, the resolution proposing the re-election or re-appointment of a director will be tabled at the AGM for shareholders' approval.</p>

Guideline	Questions	How has the Company complied?
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>(a) Yes.</p> <p>(b)(i) A comprehensive orientation programme, including facility visits to the Group's various premises, is provided to all newly appointed directors. They are briefed on the Group's business activities, financial performance, governance policies and practices, regulatory regime and their duties as directors.</p> <p>(ii) Directors are updated regularly on relevant new laws, regulations and changing business risks during Board meetings or at specially-convened sessions. Arrangements are made for them to attend training sessions, courses and seminars conducted by external consultants and institutions at the Company's expense.</p>
Guideline 4.4	<p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>(a) The Company has determined that a director should not hold more than 6 principal board representations.</p> <p>(b) Not applicable.</p> <p>(c) The main consideration is to ensure that a director will have sufficient time and attention for the affairs of the Company.</p>
BOARD EVALUATION		
Guideline 5.1	<p>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</p> <p>(b) Has the Board met its performance objectives?</p>	<p>(a) The Nominating Committee reviewed the Board's performance based on performance criteria as agreed by the Board. Each director was requested to complete a questionnaire based on certain areas of assessment. The evaluation and feedback from the directors were consolidated and submitted to the Board for discussion and further improvements in its performance.</p> <p>(b) Based on the overall assessment for 2015, the Board was effective as a whole.</p>
INDEPENDENCE OF DIRECTORS		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The current Board comprises 10 directors, 7 of whom are independent directors.

CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
<p>Guideline 2.3</p>	<p>(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>(a) Yes. (i) Tan Sri Mohd Hassan Marican is a non-executive director and independent director of Sembcorp Industries Ltd ("SCI"), a controlling shareholder of the Company. He is also a Senior International Advisor at Temasek International Advisors, a subsidiary of Temasek Holdings Ltd. (ii) Mr Ajaib Haridass is a non-executive director and independent director of SCI. (iii) Mr Eric Ang Teik Lim is a Senior Executive Advisor of DBS Bank Ltd which provides banking services to the Group, and (iv) Mrs Gina Lee-Wan is a partner of Allen & Gledhill LLP ("A&G") which has rendered services to the Group.</p> <p>(b) Please refer to page 83 of the FY2015 Annual Report.</p>
<p>Guideline 2.4</p>	<p>Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.</p>	<p>Yes. (i) Mr Ajaib Haridass has served as an independent director on the Board for more than 9 years. The Board had conducted a rigorous review on Mr Ajaib Haridass' status and considered Mr Ajaib Haridass to be an independent director of the Company. The Board is of the view that Mr Ajaib Haridass has continued to demonstrate ability to exercise strong independent judgment and act in the interests of the Company. Further, having gained in-depth understanding of the business and operating environment of the Group, Mr Ajaib Haridass provides the Company with much needed experience and knowledge of the industry. His contributions have been invaluable to the Company. (ii) Mr Ron Foo Siang Guan has served as an independent director on the Board for more than 9 years. The Board had conducted a rigorous review on Mr Ron Foo Siang Guan's status and considered him to be an independent director of the Company. The Board is of the view that Mr Ron Foo Siang Guan's more than 9 years of service on the Board has not affected his objectivity. He has continued to exercise strong independent judgment and act in the best interests of the Company. Mr Ron Foo Siang Guan has an extensive auditing, accounting, and financial experience in Singapore and overseas. His knowledge and experience has been invaluable to the Company.</p>
<p>DISCLOSURE ON REMUNERATION</p>		
<p>Guideline 9.2</p>	<p>Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p>	<p>Yes. This information can be found on pages 159 to 166 and 258 to 259 of the FY2015 Annual Report.</p>

Guideline	Questions	How has the Company complied?
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	(a) Yes. This information can be found on pages 230 and 258 to 259 of the FY2015 Annual Report. (b) This information can be found on pages 230 and 258 to 259 of the FY2015 Annual Report.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	The remuneration of the key management personnel comprises three primary components: Fixed Remuneration, Annual Variable Bonuses and Share-based Incentives. Information on the remuneration received by the executive director and key management personnel as well as details on share-based incentives and performance targets is available on pages 223 to 229 and 258 to 259 of the FY2015 Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	All directors have access to complete, adequate and timely information and resources. Directors are provided with electronic tablets to enable them to access Board and Board committee papers 3 days prior to and during meetings. The Management provides all members of the Board with management accounts accompanied by detailed explanations and information on a monthly basis or as the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Company's performance, position and prospects.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. The Head of the Internal Audit Department reports functionally to the Audit Committee and administratively to the President & CEO.

CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
Guideline 11.3	<p>(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.</p> <p>(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?</p>	<p>(a) The Company has put in place a risk governance assurance framework to assist the Board in forming an opinion on the adequacy and effectiveness of the system of risk management and internal controls. The risk governance assurance framework was developed with guidance from external consultants, and has been implemented for both Singapore and overseas shipyards.</p> <p>(b) Yes.</p>
Guideline 12.6	<p>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</p> <p>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.</p>	<p>(a) Please refer to page 216 of the FY2015 Annual Report.</p> <p>(b) The amount of non-audit fees compared to the total annual audit fees is 51%. The Audit Committee had reviewed the non-audit services provided by the external auditors during the financial year and is satisfied that the independence of the external auditors has not been impaired by the provision of these services. The external auditors have also provided confirmation of their independence.</p>
COMMUNICATION WITH SHAREHOLDERS		
Guideline 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>(a) Yes. Details are available in the Investor Relations chapter, pages 66 to 69 and 78 to 79 of the FY2015 Annual Report.</p> <p>(b) It is done by a dedicated investor relations team and involves the senior management team.</p> <p>(c) Details are available in the Investor Relations chapter, pages 66 to 69 and 78 to 79 of the FY2015 Annual Report.</p>
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable.

RISK MANAGEMENT

2015 witnessed the continued decline of global oil prices to levels last seen in 2004. Across the industry, international drillers are trying to rebalance their businesses by renegotiating drilling commitments, paring back capital expenditure and rephasing drilling activities. Against this backdrop, the Group’s system of risk management and internal controls continues to facilitate strategic dialogue and decision-making to manage the risks and opportunities in the challenging environment.

Risk management is a cornerstone of the Group’s business and operations, with the Enterprise Risk Management (ERM) framework well in place for over a decade. The Group believes in continuously strengthening its ERM policies and processes to stay ahead of the global risk environment and evolving business requirements. Effective since 2013, the Risk Governance and Assurance framework also provides assurance on the system of risk management and internal controls.

SEMBCORP MARINE’S RISK GOVERNANCE STRUCTURE



RISK GOVERNANCE STRUCTURE

Within the Sembcorp Marine Group, the Board of Directors sits on the apex of the risk governance structure and sets an appropriate tone from the top, which is cascaded across the Group through policies and procedures. The Board Risk Committee (BRC) is responsible for driving the Group’s risk governance, and assists the Board of Directors in overseeing the design, implementation and monitoring of the Group’s system of risk management and internal controls. In 2015, four BRC meetings were held. The Risk Governance and Assurance framework provides the platform on which the BRC is able to engage with Management on various risk governance topics pertaining to risk appetite as well as review risk profile and mitigating plans, among others. Through the reviews and discussions, the BRC is able to assess the adequacy and effectiveness of the Group’s system of risk management and internal controls.

Operationally, responsibility for the management of the system of risk management and internal controls lies with the ERM Committee. Chaired by the Group President & CEO, the ERM Committee drives key risk initiatives and reviews risk issues across the Group. The ERM Committee comprises Heads of Commercial Units, Chief Risk Officers from the various yard locations, as well as Heads of Corporate Functions who report on risk issues under their charge and champion their respective key risk areas.

Supporting the ERM Committee are Sub-Committees responsible for specific areas: Customer Credit, Project Risk Management, Finance, Human Resource, Supply Chain, Information Technology, Critical Assets, as well as Health, Safety, Security and Environment (HSSE). These Sub-Committees are chaired by senior management staff appointed by the President & CEO.

RISK MANAGEMENT

KEY RISK MANAGEMENT INITIATIVES IN 2015

Risk appetite monitoring

The Group's risk appetite defines the boundaries within which the business must operate. Hence risk tolerance metrics and tolerance limits were actively monitored and reported to the BRC.

Assessing and reporting of emerging risks

Horizon scanning is crucial to identifying trends and events that may potentially evolve to impact the Group's business or operations. These trends and events were highlighted and deliberated to determine if they could adversely affect the Group's risk profile.

Updating the risk governance and assurance framework (RGAF)

Updated annually, the RGAF enables the monitoring of both management assessment and independent assessment of key controls vis-à-vis their respective risk areas. It allows a view to be formed on the adequacy and effectiveness of control measures for individual risks.

Anti-bribery compliance

The Group conducted anti-bribery compliance due diligence on third parties appointed to act on its behalf. These third parties included agents marketing the products and services of the Group, and assisting to source for customers for the Group.

Risk survey

A biennial survey was conducted with management and executive staff to solicit feedback on the effectiveness and maturity of risk management and assurance mechanisms in the Group. The opinions of the Board of Directors were also solicited in the survey. The survey findings were analysed for improvement opportunities.

Awareness training on Governance, Risk and Controls

Group Risk Management and Internal Audit have reached out to employees to conduct training and awareness sessions with the aim of inculcating a risk and control awareness culture. These sessions serve to educate employees on the importance and requirements of risk governance, risk management and internal controls.

KEY RISKS AND MITIGATION STRATEGIES

The Group's risk profile is regularly refreshed to reflect significant changes in the business and operating environment. External elements influencing the business, as well as control measures in place are factored in, to determine risk level.

External Environment Risks

Oil price volatility, economic sanctions and changes in global interest rates are examples of global events which give rise to external environment risks. In the inter-connected web of business, ripples generated by any node may potentially impact the Group's customers, suppliers, business partners and ultimately the Group.

External environment risks are inherently volatile. Some risks may be unpredictable with short but high intensity impact, while others may slowly build up into a catastrophic situation. With these factors in mind, the Group strives to mitigate external environment risks to as low as reasonably practicable, with due consideration given to achieving an appropriate risk / reward balance.

Strategic Risks

The Group has in place mid- to long-term plans to grow its business and operations, both in Singapore and globally. While shifts in customer requirements, advancement in technology and competitor offerings are considered during the development of the Group's strategies, unforeseen developments in these areas may present risks and opportunities. Hence, the Group constantly keeps ahead of such developments to calibrate its strategies and re-evaluate its investments in order to mitigate risks which may arise, or capitalise on opportunities that present themselves.

Financial Risks

The Finance Committee is an ERM Sub-committee chaired by the Group Chief Financial Officer. The Committee comprises key finance staff from strategic business units and corporate functions of treasury, tax, internal audit and risk management. The primary responsibilities of the Finance Committee cover the areas of financial system integrity, accounting, regulatory reporting, compliance, internal and external audit issues, and financial risks.

The Group's international presence and worldwide clientele inevitably subjects it to financial risks arising from the global financial market, ranging from foreign exchange volatilities to customer credit risks. Policies and procedures addressing these areas have been established and implemented throughout the Group to mitigate the associated risks. These policies also set out financial approval limits for individual staff such that approvals for financial transactions are made within their authorised limits. The Group also has guidelines in place to manage costs of capital, foreign currency fluctuations and interest rates, as well as to ensure that the Group maintain a healthy cash flow to meet financial obligations and operational needs.

Project Management Risks

The Group has established a strong track record in the offshore and marine industry, and has consistently demonstrated good project management through on-time and on-budget deliveries, while meeting safety, quality and environmental requirements.

Nonetheless, the underperformance of contractors and suppliers could contribute to project delays and cost overruns. The Group has in place a stringent selection process for these counterparties to mitigate underperformance, or in severe cases, failure of contractors and suppliers. Once the third parties are engaged, their performance is evaluated regularly to ensure that their contractual obligations are delivered in a satisfactory manner.

Human Resource Risks

People-centredness is one of the Group's core values. Sembcorp Marine believes that employees play a vital role in supporting the achievement of corporate strategic goals and objectives. The Group has put in place a robust and comprehensive training programme which guides the development of its staff to fulfill their potential. In addition, the Company provides competitive remuneration and benefits, as well as progressive pathways for career development to attract and retain capable employees. Further human resource initiatives are discussed in the Human Capital section of this annual report.

Compliance Risks

Operating in a global environment, the Group is required to comply with applicable laws and regulations in the locations where it has a business presence. Some laws, for example, the US Foreign Corrupt Practices Act and the UK Bribery Act, carry significant financial penalties and have extra-territorial reach. On top of applicable laws and regulations, the Group is required to comply with sanctions and trade embargoes imposed by international bodies such as the United Nations and European Union. To identify legal and regulatory obligations, the Group relies on a compliance register.

Information Technology Risks

The Head, Information Technology (IT) chairs the IT Committee, with the mandate to execute strategies for a sound IT framework to support the Group's business and operations. The IT Committee, comprising key IT personnel from the various yard locations, is also the ERM Sub-Committee that identifies and discusses IT risk issues faced by the Group. Together with consultants, Internal Audit and Group Risk Management, a dedicated team has been formed to oversee the timely implementation of the OneERP project as part of the Group's Transformation for Growth strategy.

In 2015, the IT Committee reviewed and updated the Group IT risk profile and strengthened key IT controls. The Committee also reviewed cybersecurity measures to improve resilience against cyber attacks.

Health, Safety, Security and Environment Risks

Sembcorp Marine is committed to ensuring a safe and secure work environment at all times. To achieve this, the Group strives to provide a safe and conducive work environment for its employees, customers and subcontractors by instilling a culture of proactive individual involvement, personal accountability and continuous improvement.

The Health, Safety, Security and Environment (HSSE) Committee is responsible for implementing the Group's four safety strategic thrusts. This Committee, comprising key stakeholders from the various shipyard locations, monitors and reports the Group's safety performance and other HSSE-related matters to the ERM Committee and the BRC on a regular basis.

The Workplace Safety and Health section of this annual report provides more information on the principal activities carried out in 2015.

RISK MANAGEMENT

Fraud and Corruption Risks

Fraud and corruption risks can undermine the Group's reputation and business goals, which are to be achieved through honest and ethical means. The Group takes a zero-tolerance stance towards fraud and corruption in pursuing its business objectives.

Since 2005, the Group's whistle blowing channel has been a key tool for addressing the risk of fraudulent acts, including bribery and corruption. Any complaints of possible improprieties received through the whistle blowing channel will be subject to an independent investigation overseen by the Sembcorp Marine Audit Committee. The Group's Whistle Blowing Policy is published on the Company website, and employees are familiarised with the policy through regular awareness training on governance, risks and controls.

The Group's Fraud Risk Management programme encompasses the following key elements, which are manifested through various policies and procedures put in practice:

- Promoting an anti-fraud culture;
- Prevention measures;
- Detection measures;
- Response measures; and
- Monitoring and evaluating effectiveness of controls.

As at the time of reporting, 4,059 employees, including all management staff, have received anti-bribery compliance training. This group constitutes 89% of Sembcorp Marine global workforce holding executive positions and above.

During the year under review, there was no termination, non-renewal, or disciplinary action taken against employees or business partners arising from confirmed corruption or corruption-related incidents.

Critical Assets Risks

It is essential that critical assets in the Group are available to meet operational requirements, and that they function smoothly as intended to ensure that operations are safe, efficient and effective. The Critical Assets Committee has the task of reviewing policies and procedures relating to the deployment and maintenance of these critical assets, including docks and quays; material handling equipment; workshops; launching facilities; and power and utilities equipment.

In 2015, the Committee also reviewed the Group's critical assets risk profile with a focus on risks relating to malfunction and failure of critical equipment and infrastructure.

OTHER GROUP-WIDE RISK-BASED ACTIVITIES

Further to the key risk management initiatives and risk mitigating measures, the Group leverages a Control Self Assessment programme and Insurance programme to supplement its risk governance and risk management framework.

Control Self Assessment

The Group's Control Self Assessment (CSA) programme is an integral part of the overall risk and governance assurance framework. The CSA programme has been implemented in local yards since 2008 and was rolled out to overseas shipyards in 2013. A risk-based approach is taken to identify suitable processes and controls, for which CSA questionnaires would be completed by process and control owners on a quarterly basis. Updates on the CSA programme are reported at the BRC and ERM Committee meetings each quarter.

Through the programme, weaknesses in the control environment may be detected and reported to management in a structured and formalised approach and corrective action taken to strengthen the process to prevent future occurrences.

In addition to providing assurance that key controls are adequate and effective, the CSA programme instills ownership among the process and controls owners, and promotes a sense of accountability.

Insurance

The Group leverages insurance as a means of risk transfer where it is cost-effective, or required by contractual obligations or legislation (e.g. the Work Injury Compensation Act). Insurance coverage has been undertaken by the Group against foreseeable events which may result in catastrophic financial losses. The Group's approach on insurance is to strike a balance between the risk management capabilities to mitigate risk levels, and the cost benefits of a comprehensive insurance programme.

Through pooling of the various yards' common insurance needs, insurance is procured at the Group level to achieve better cost efficiency. The Group Insurance Committee maintains a close working relationship with insurance brokers and continually reviews insurance market conditions to ensure optimal coverage at competitive prices. During the year, the Group has reviewed the sum insured for its critical assets, motor fleet and employees' benefit insurance programme.

SUSTAINING COMPETITIVENESS

Sembcorp Marine distinguishes itself as an industry leader through its continuous focus on transformation and innovation for growth. By harnessing collaborative synergies, the Group consistently delivers innovative solutions that are uniquely tailored to meet the industry's exacting demands and highest standards of quality, safety and performance. Sembcorp Marine invests in innovation and solutions development to offer customers depth and breadth of services across the offshore and marine value chain while making technological strides and productivity leaps to sustain its competitive edge.



01.

Building a loyal and varied base of partners and customers through close working relationships

02.

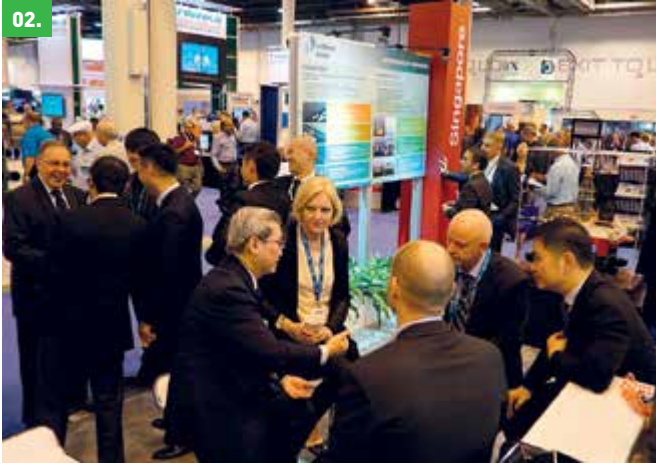
Connecting with industry stakeholders and partners at overseas tradeshows

COMMITMENT TO CUSTOMER SATISFACTION

The Group's strategic transformation from a multi-business-unit organisation into 'One Sembcorp Marine' enables it to leverage its global synergies to serve customers with greater flexibility, efficiency and effectiveness. This allows customers seamless access to Sembcorp Marine's collective expertise and versatile integrated solutions in its four key capabilities - Rigs & Floaters, Repairs & Upgrades, Offshore Platforms and Specialised Shipbuilding. For more information on Sembcorp Marine's transformation process, please refer to pages 26 to 31.

Through active engagement, close cooperation and open communication, Sembcorp Marine has forged long-term partnerships and grown its customer base to include leading players and established firms in the offshore and marine sector. Alliance and Favoured Customer Contract (FCC) partners account for more than 80% of the clientele for repairs and upgrades, providing the Group with a resilient base-load for sustainable growth.

SUSTAINING COMPETITIVENESS



Managing Customer Relationships

Semcorp Marine manages its customer relationship activities through diverse platforms to ensure constant engagement with the customer project teams, work groups and senior management. The Group employs a structured framework to capture information, feedback, expectations and recommendations which are evaluated, translated into strategic action plans and cascaded across the organisation for improvements.

Building successful long-term relationships with customers is vital to business sustainability and growth. A customer-centric approach and an established track record of project deliveries have enabled the Group to nurture confidence and trust among its customers.

The Group's senior management adopts an 'open door' policy where customers can give direct feedback and raise any concerns or issues that need to be addressed. Employees are also trained and equipped with a range of skills and competencies to deliver the Group's vision of superior customer service.

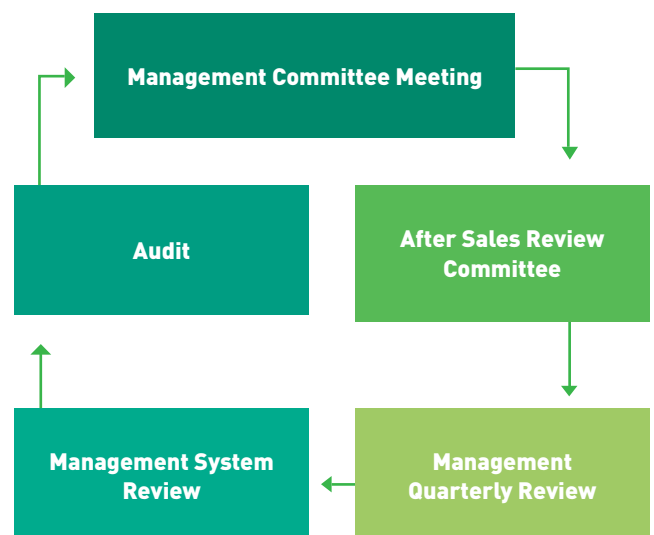
FOR MORE INFORMATION ON HOW SEMBCORP MARINE ENGAGES ITS CUSTOMERS, PLEASE REFER TO PAGES 78 - 79.

Customer Feedback

During the span of a project, the yards engage customer teams through daily, weekly and monthly discussions to ensure that project progress is in line with expectations and that their concerns are attended to promptly. The yards employ formal and informal communication platforms to capture measureable data and qualitative feedback for improvement; to forecast new trends in the market as well as to anticipate changes and understand future demand.

Upon project completion, a formal feedback and project assessment exercise is conducted. Longer tenure projects such as newbuilds and conversions, which typically span more than one year, have progressive reviews to assess project milestones and deliverables. For repair projects, customers evaluate the performance of the various key shipyard operations such as steelwork, blasting and painting, piping works, and facilities, through a comprehensive feedback form.

SEMBCORP MARINE CUSTOMER RELATIONSHIP MANAGEMENT FRAMEWORK



THE VALUE OF LONG-TERM PARTNERSHIPS

In 2015, Sembcorp Marine Repairs & Upgrades repaired over 450 vessels, including 34 LNG carriers, the highest number of LNG carriers repaired and upgraded in the world in a single year. A new benchmark was also achieved with 12 passengerships successfully re-delivered in 2015, reinforcing the Group's position as Asia's leading shipyard in the specialised area of repairs and refurbishment for cruise vessels.

This strong performance is a testament to the success of the Group's dedicated customer relationship framework, commitment to provide exemplary, personalised customer service as well as experienced project management capabilities. Such collaborative partnerships have brought about higher operational efficiencies and cost savings to customers. A worldwide agency network and a range of communication channels provide customers with ready access to the Group's services. Customer complaints are resolved at the source and corrective actions are taken promptly.

With an extensive track record of safe, quality and on-time deliveries, Sembcorp Marine Repairs & Upgrades has built a strong reputation internationally. Customer confidence is also evident in its exclusive agreements with globally renowned alliances and favoured customer contract (FCC) partners, ranging from oil & gas heavyweights to cruise line majors. These agreements form a key competitive advantage for Sembcorp Marine.

SUPPLY CHAIN SUSTAINABILITY

Sembcorp Marine's versatility in delivering turnkey projects and providing customised solutions sets it apart from its competitors. The Group is committed to manage the environmental, social and economic impacts across its value-supply chain, through the life-cycle phases of its products and solutions, in compliance with international regulations and high standards of quality, safety and sustainability.

From conceptualisation and design to engineering, procurement and construction, including materials management, each phase is well-coordinated with risk mitigation measures in place to ensure timely and on-budget deliveries, in line with customers' operating requirements.

To mitigate procurement-related risks, Sembcorp Marine actively engages and monitors suppliers to ensure that they comply with stipulated delivery schedules, specification standards as well as ethical codes of conduct. Suppliers who have significant impact on project outcomes, including those providing critical materials, equipment and parts, are identified early and monitored closely throughout the project.

Steering the Group's supply chain management strategy is the Sembcorp Marine Procurement and Outsourcing Resources Committee (SPORC). Led by the Head of Supply Chain, the SPORC plays a key role in creating value from

supply chain synergies through economies of scale and enhanced competitiveness.

In 2015, the SPORC deepened its focus in the areas of supply chain sustainability and responsible procurement. This involved aligning suppliers with the Group's core values and Code of Business Conduct, including its policies on ethical business practices. Sembcorp Marine also encourages suppliers to embrace its commitment towards sustainability and to adopt socially responsible business operations.

Responsible Procurement

Sembcorp Marine is committed to responsible procurement and expects its suppliers to uphold ethical standards in their upstream sourcing and manufacturing operations. The Group does not procure raw materials, parts and products that contain unsustainable substances, such as asbestos which can cause environmental risks and health issues over time. Sembcorp Marine is also against the use of 'conflict minerals', defined as tin, tantalum, tungsten and gold from countries where the mining of these minerals is exploited by armed groups which perpetuate violence and human rights abuses. Sembcorp Marine's suppliers are required to declare that they and their upstream partners do not use or procure the said substances and materials.

SUSTAINING COMPETITIVENESS



03.

03. Building links with partners and vendors through engagement activities

Supply Chain Due Diligence

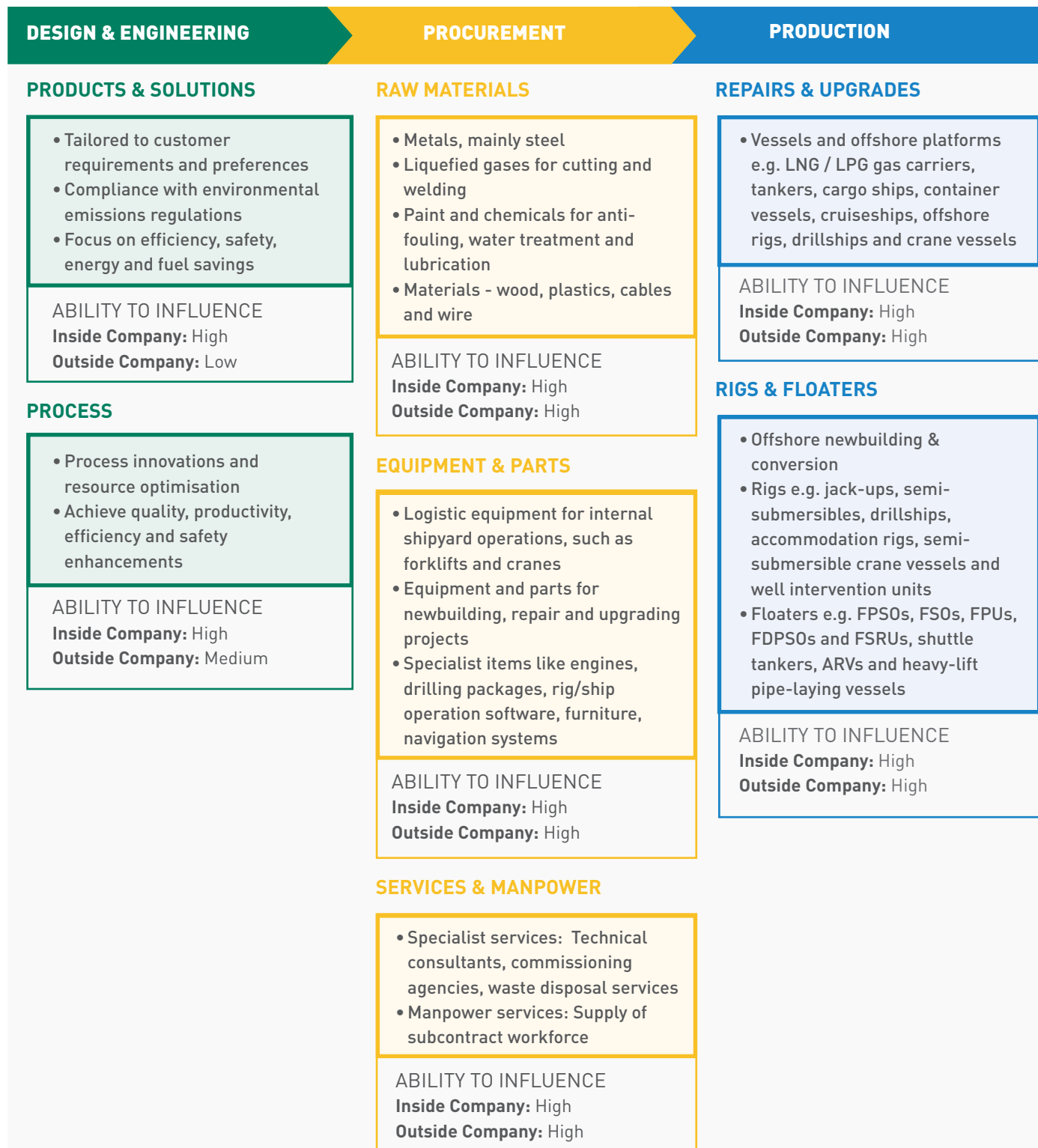
Recognising suppliers as important partners in value creation, the Group has in place due diligence measures and internal controls to ensure on-time delivery while meeting standards of quality, safety and reliability. As part of the qualification process for inclusion into Sembcorp Marine's Approved Vendor List, companies are required to declare and provide supporting documentation that demonstrate compliance with the Group's standards, and for assessment by a review panel. Sembcorp Marine is also expanding its focus to include sustainability criteria, such as responsible labour management, human rights and environmental practices, in its review process.

Companies in the Approved Vendor List are selected based on their quality and service track record as well as ability to operate responsibly over a long term. Suppliers are subject to Sembcorp Marine's tender regulations and codes of conduct for fair competition during the bidding process. In the area of manpower supply, Sembcorp Marine's resident contractors are required to have at least bizSAFE Level 3 certification and externally audited safety risk management systems as an endorsement of their workplace safety and health capabilities.

Sembcorp Marine's supply chain monitoring framework includes relevant documentation reviews, vendor checks and on-site audits. Existing suppliers found to be in breach will be warned or removed from the Approved Vendor List to ensure consistency in the Group's deliverables to customers.



SEMBCORP MARINE VALUE-SUPPLY CHAIN



CORPORATE FUNCTIONS

- Sales & Marketing
- Customer Relationship Management
- Project Management
- HSE
- Risk Management
- Procurement
- Human Resource
- Finance

SUSTAINING COMPETITIVENESS

QUALITY & SAFETY VALIDATION

TRANSPORTATION DELIVERY

OFFSHORE PLATFORMS

- Turnkey engineering, procurement, construction, transportation, installation, offshore hook-up and commissioning solutions
- Process, production, drilling, wellhead and accommodation platforms
- Topsides modules fabrication, installation and integration

ABILITY TO INFLUENCE
Inside Company: High
Outside Company: High

QUALITY ASSURANCE & COMPLIANCE CHECKS

- Fulfillment of customers' quality, safety and technical requirements
- Certification of newbuild vessels and rigs in compliance with international regulations and classification society standards

ABILITY TO INFLUENCE
Inside Company: High
Outside Company: High

TOWING SOLUTIONS

- Transportation solutions available as a turnkey contract option for customers
- Towing by tugboats or heavy lift vessels for rigs and fixed platforms which have low or no propulsion for long distance travel

ABILITY TO INFLUENCE
Inside Company: High
Outside Company: Medium

SPECIALISED SHIPBUILDING

- Specialised niche newbuild vessels e.g. DP offshore vessels, heavy lift pipe-lay vessels, mid-sized tankers, container carriers and ice-class chemical tankers

ABILITY TO INFLUENCE
Inside Company: High
Outside Company: High

ABILITY TO INFLUENCE
Inside Company: High
Outside Company: High

INNOVATION AND SOLUTIONS DEVELOPMENT

Sembcorp Marine's Approach

Sembcorp Marine's Transformation for Growth strategy led to the establishment of a new consolidated Research & Development (R&D) Centre in July 2015.

The Group's R&D and innovation activities are guided by a streamlined R&D policy and framework to ensure that its decisions are prioritised for optimum business returns.

The Group's continuous R&D efforts and strategic investments have resulted in the expansion of Sembcorp Marine's suite of solutions. New international regulations to the shipping as well as oil and gas industries have created business opportunities. These include the International Maritime Organisation's (IMO) International Convention for the Prevention of Pollution from Ships and MARPOL Annex VI requirements that regulate the emission of sulphur oxides (SOx), as well as International Convention for the Control and Management of Ships' Ballast Water and Sediments.

Sembcorp Marine recognises the importance of diversifying technology and product areas amid the uncertainty over oil prices. This has already triggered the search for new value creation levers in the non-oil product areas. LNG is gaining regulatory support as environmentally-friendly fuel for bunker and power generation. The development of LNG solutions by Sembcorp Marine has strengthened its leadership in the LNG value chain.

The Group's production processes will be integrated, streamlined and extensively automated to achieve better quality, higher productivity, and greater product and service delivery capabilities.

To accelerate technology realisation, the Group actively seeks to collaborate with various partners to capitalise on specialised knowledge and expertise from scientists, innovators, industrial specialists and research institutes. This approach facilitates the search for new ideas and their development into core technologies and product solutions.

SEMBCORP MARINE'S APPROACH TO INNOVATION AND SOLUTIONS DEVELOPMENT



Strategic Research Programmes

Offering greener products to customers

International shipping contributes approximately 3% of greenhouse gas emissions to the atmosphere every year and is increasingly subject to global regulations, including the IMO's Emission Control Areas (ECA) restriction and Ballast Water Management Convention. Sembcorp Marine has accelerated the development of its proprietary environmentally-friendly technologies to be applied in the areas of engine emission abatement, ballast water treatment and corrosion control for marine applications. These environmentally-sustainable technologies enable customers to reduce their emission of sulphur oxides, reduce carbon footprint, utilise more energy-efficient systems, decrease or eliminate chemical use, and mitigate the impact of shipping operations on marine biodiversity and the climate.

Sembcorp Marine's green technologies include:

Ballast Water Treatment System

The Semb-Eco LUV Ballast Water Treatment System is designed for low power consumption, boasting high efficiency filtration and ultra-violet irradiation with patented bio-fouling control disinfection technology.

SUSTAINING COMPETITIVENESS

04.



04.

Semb-Eco LUV Ballast Water Treatment System

The system is capable of treating up to 6,000 m³/hr of ballast water in an ultra-low-footprint arrangement or modularised arrangement to suit customer requirements. This green product will assist in the global efforts to mitigate the cross-boundary transportation of marine invasive species. The system has passed IMO certification and is currently undergoing testing for U.S. Coast Guard Type Approval.

Exhaust Gas Cleaning System

The Ecospec cSOx Exhaust Gas Cleaning System is the first of its kind in the world to utilise the patented Ultra-Low-Frequency technology. The closed-loop system design eliminates harmful discharge into the sea and controls sulphur emissions in accordance with IMO MARPOL Annex VI requirements and thus permits continuous operation in Emission Control Areas. A 2 x 9 MW cSOx system debuted on a Ro-Ro vessel operating in the Baltic Sea and Northern Gulf of Bothnia region and is undergoing shipboard operational trials.

Research Facilities for Green Technologies

Sembcorp Marine R&D Centre's key research facilities enable realistic system evaluation, optimisation and certification prior to the technology deployment of its products.

05.



05.

Semb-Eco Marine Laboratory

The Semb-Eco Marine Laboratory was established for water treatment technology. This floating platform facility is outfitted to fully simulate shipboard conditions and perform ballast water treatment system tests.

The Semb-Eco Emission Technology Evaluation and Test Centre is a land-based test centre capable of full-scale development and testing of marine exhaust gas cleaning systems. It simulates onboard exhaust gas emission and is configured to analyse and assess scrubber and performance gas data.

Delivering cost-effective and modularised LNG solutions

Liquefied natural gas (LNG) is a clean fossil fuel that produces less greenhouse gas emissions and is gaining regulatory support. Building on its strong track record and expertise in the LNG value chain, Sembcorp Marine's GraviFloat is a next-generation suite of highly scalable, modular and cost-effective LNG solutions for effective distribution and utilisation of this clean alternate fuel.

The GraviFloat liquefied petroleum gas (LPG) and LNG terminals concept allows an LNG regasification or liquefaction terminal to be assembled from highly versatile, gravity-based modules for near-shore installation. The GraviFloat terminals eliminate motion challenges typical of a floating storage and regasification unit or floating LNG platform. More cost-competitive than floating LNG (FLNG) solutions and floating storage and regasification units (FSRUs), GraviFloat solutions can be built to suit small-scale needs or expanded on to service large LNG requirement; adapted to suit most soil conditions; and upgraded for harsher environments. To mitigate their impact on the environment at the end of the product life cycle, the modular design terminals can facilitate offsite decommissioning.

Developing advanced floater solutions



Globally renowned for its rig building and offshore conversions, Sembcorp Marine has over the years established an impressive range of proprietary and proven jack-up, semi-submersible, drillship and offshore platform products. Sembmarine SSP's circular hull floaters offer next-generation solutions for oil and gas floating production storage platforms or drilling structures, with superior customisation capabilities and cost-effective station-keeping features. Designed for operational stability, superior motion performance and improved safety, the platforms are highly versatile and can be developed for drilling, accommodation and production. They can be adapted for harsh environment, arctic, and other region-specific operating requirements.

DISCOVER MORE ABOUT SEMBCORP MARINE'S PROPRIETARY DESIGNS AND INNOVATIVE SOLUTIONS AT THE TECHNOLOGIES SECTION OF WWW.SEMBMARINE.COM.



When built for production, storage and offloading purposes, the design eliminates the need for turret, swivel or CALM buoy facilities. This translates to significant cost advantages for customers. As an accommodation, logistics and offshore supply hub solution for remote offshore locations, the floater is designed for the efficient and safe movement of personnel. It features multiple helicopter landing facilities as well as a proprietary tunnel arrangement for berthing large capacity crew boats.

Product Excellence and Compliance

Sembcorp Marine's current suite of marine and offshore solutions is designed and engineered to offer optimised life cycle performance, enhanced safety and environmental friendliness. The Group leverages an integrated network of facilities and expertise to provide one-stop applied engineering solutions for even the most sophisticated and demanding projects in the offshore and marine value chain.

A highly adaptive and responsive team has helped the Group's customers navigate through current evolving challenges. Sembcorp Marine offers flexible product design and specification according to deployment locations and customer requirements. The Group's proprietary products are continuously enhanced for easier and more cost-efficient construction, operation and maintenance, in addition to improved safety, reliability and environmental friendliness.

Sembcorp Marine will ensure its delivered products are fully compliant with IMO rules, ISO standards, as well as classification rules and standards.

SUSTAINING COMPETITIVENESS

To reduce carbon footprint and protect the environment, Sembcorp Marine ensures newbuild projects are compliant with the IMO's International Convention for the Prevention of Pollution from Ships and MARPOL Annex VI Tier II, which restrict the main air pollutants contained in the exhaust gas of ships, such as sulphur oxides (SOx) and nitrous oxides (NOx), and prohibit the deliberate emission of ozone depleting substances. In addition, drilling rig construction projects are designed to ensure compliance with the IMO's Code for Construction and Equipment of Mobile Offshore Drilling Units.

To protect the community, Sembcorp Marine's products have been built to stringent port state standards, such as the US Coast Guard Regulations for Foreign Flag Vessels Calling at US Ports, the NORSOK S-002 Working Environment and S-003 Environmental Care standards. Clear operational safety, health and environment signage and well-developed user operation and maintenance manuals safeguard the health and safety of the Group's customers.

Additionally, Sembcorp Marine's proprietary designs and customised solutions undergo meticulous risk-based evaluation, stringent technology qualification and performance verification in order to set higher product standards and performance. The Group also partners with approving bodies, contributing to the development and recommendation of appropriate rules through joint industry projects for safe and reliable implementation of new technologies.

Technology and Operational Excellence Investing in efficient production systems

New Steel Structure Fabrication Workshop

Sembcorp Marine's flagship Tuas Boulevard Yard has an extensively automated steel structure fabrication workshop designed for streamlined and seamless production. Functioning as a key production capability, this state-of-the-art facility positions the Group for its expansion into future product markets.

Smart Assets Monitoring

In 2015, together with government partners A*STAR and the Maritime and Port Authority of Singapore as well as industry specialists, Sembcorp Marine developed a new wireless Structural Health Monitoring System for cranes. Upon successful trial, the system will provide real-time wireless monitoring of crane performance, loading history and usage patterns via sensors. This advanced maintenance programme will result in smarter, safer and more productive assets.

Land-based Energy Management System (LEMS)

Developed together with the Nanyang Technological University, this system captures and processes data that assist with optimising energy consumption as well as accurate forecasting, reporting and regulation of power usage. With promising results from earlier implementation at the Sembcorp Marine Tuas Boulevard Yard Phase I development in 2013, the system was extended to Phase II's steel structure fabrication workshop in 2015.

08.



06.

The superior-motion Sembmarine SSP circular hull floater has versatile applications, such as a hub for accommodation, logistics and offshore supply

07.

More cost-competitive and versatile than FSRUs and land terminals, the GraviFloat terminals offer much potential with their customisation opportunities

08.

Sembcorp Marine's steel structure fabrication workshop at the Tuas Boulevard Yard is the largest of its kind in Southeast Asia. The workshop has the capacity to halve the number of man-hours and production time per tonne of steel fabricated, compared to previous process requirements

09.



09.

New research collaboration to develop more efficient and eco-friendly ships

Cultivating Innovation Culture

Innovation is one of Sembcorp Marine’s key values. All managers and change agents are empowered to lead, think creatively, encourage continuous learning and improvement and develop problem-solving skills as part of an extensive leadership competency development programme. Successful platforms such as innovation competitions, suggestion schemes and feedback channels encourage the Group’s stakeholders to participate in the continuous improvement and innovation process.

LEARN MORE ABOUT HOW INNOVATION IS ENCOURAGED AMONG SEMBCORP MARINE’S EMPLOYEES AND PARTNERS IN THE SUSTAINABILITY CASE STUDIES SECTION OF WWW.SEMBMARINE.COM.

SUSTAINING COMPETITIVENESS

Technology Collaborations to Bring Ideas to Life

Sembcorp Marine joins forces with various partners to push innovation forward. The Group believes that greater success can be achieved in conceptualising, developing and deploying technologies through active collaborations.

Partnerships with NTU

Leveraging its shared values towards excellence, sustained innovation and R&D, the Group has established research collaboration arrangements with the Nanyang Technological University (NTU). Sembcorp Marine has committed S\$10 million towards an R&D endowment fund at NTU to support the development of eco-friendly solutions for the industry, such as the use of renewable and clean fuels for marine engines, and emission control technologies. The partnership will help groom a strong pool of research talent to advance Sembcorp Marine's business as well as for the offshore and marine industry in Singapore.

In a second collaboration, Sembcorp Marine, NYK Line, Monohakobi Technology Institute, ClassNK and NTU came together to develop next-generation cost-effective scrubbers at the NTU marine engine test bed. The project focuses on green exhaust cleaning solutions that are compliant with the regulations for sulphur oxides, nitrous oxides, particulate matter and greenhouse gas emissions outside the Emission Control Areas.

Partnerships with A*STAR, IHPC and UoG

In 2015, Sembcorp Marine announced a new research collaboration with A*STAR's Institute of High Performance Computing (IHPC), University of Glasgow (UoG) and University of Glasgow Singapore (UGS). The three-year agreement will develop 1) innovative hull form with improved hydrodynamics for better fuel efficiency, and 2) optimised features to reduce harmful exhaust emissions through the scrubber and ballast treatment systems in compliance with IMO's 2015 MARPOL Annex VI standards on ship-related air pollutants and marine environmental issues.

Nurturing future generations

Sembcorp Marine's talent pipeline is supported by various undergraduate and postgraduate development programmes in wide-ranging science, technology and engineering disciplines. The Group will continue to build on this multi-disciplinary approach to enrich the skillsets of its research engineers and to explore emerging technologies and scientific frontiers.

FOR MORE INFORMATION ON HOW SEMBCORP MARINE NURTURES A PROACTIVE GREEN MINDSET AMONG THE YOUNG, PLEASE REFER TO PAGE 139.

HUMAN CAPITAL

01.

Harnessing collaborative synergies for enhanced competitiveness

People are the key differentiators for Sembcorp Marine's sustained competitiveness. Through a robust multi-pronged human resource (HR) strategy, the Group continually develops and empowers its people to create a progressive, resilient and dynamic workforce that is core to the company's growth, transformation and success.



WORKFORCE PROFILE

Sembcorp Marine's employees in Singapore totalled 11,142 as at end December 2015, with no major fluctuations or seasonal variation in workforce numbers during the year. The Group's operational work activities are largely performed by employees and supervised contract workers who supplement the regular workforce.

The gender composition of the Sembcorp Marine workforce is about 92% males and 8% females, which is consistent with companies in the offshore and marine industry. Production workers represent around 53% of the total headcount while management and support function staff make up the remaining 47%. Within these categories, males account for about 99% of the production employees and 83% of the management and support staff. Singaporeans and permanent residents constitute approximately 67% of the management and local workers in the workforce.

Corporate level senior management at Sembcorp Marine consists of 17 men and five women. All 22 of them are Singaporeans, with five in the 40-49 years age group category and 17 in age group 50 and above. More details on the Group's senior management can be found in the 'Senior Management' section of the annual report and the corporate website.

As at end-2015, there were 2,803 unionised employees in Singapore, representing about 50% of the management and

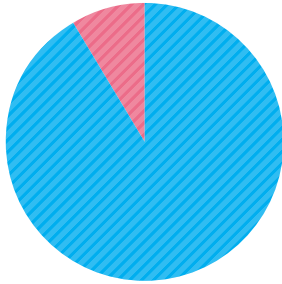
local workers in the workforce. For its Singapore operations, the Group is guided by the 'Industrial Relations Act' which allows representation of employees by trade unions for resolution of grievances and disputes through various channels, including collective bargaining and arbitration. The unions engage in active dialogue with management to develop collective agreements that focus on staff benefits, training and development as well as workplace safety and health.

For non-unionised employees, structured procedures are in place for them to seek recourse for their grievances under the Group's Employee Grievance Handling Policy. Employees can bring up such matters to their immediate supervisor and then to their respective heads of department. If there is no effective resolution, they can escalate the issue to the HR Department, which will review the situation for an objective settlement. However, should the grievance remain unresolved, an enquiry panel comprising top management will investigate and propose a final resolution. Proper documentation is kept throughout this process.

FOR MORE DETAILS ON SEMBCORP MARINE'S APPROACH TO HUMAN RIGHTS, FAIR EMPLOYMENT AND DIVERSITY, PLEASE VISIT THE SUSTAINABILITY SECTION OF WWW.SEMBMARINE.COM.

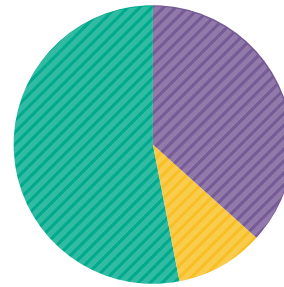
HUMAN CAPITAL

WORKFORCE DISTRIBUTION: GENDER



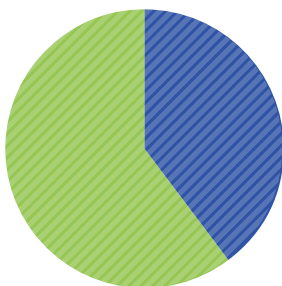
● Male	92%
● Female	8%

WORKFORCE DISTRIBUTION: WORK FUNCTION



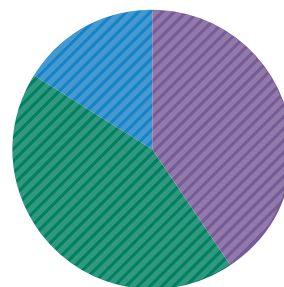
● Management Staff	37%
[Male 81% Female 19%]	
● Support Staff	10%
[Male 92% Female 8%]	
● Production Worker	53%
[Male 99% Female 1%]	

WORKFORCE DISTRIBUTION: EMPLOYMENT CONTRACT



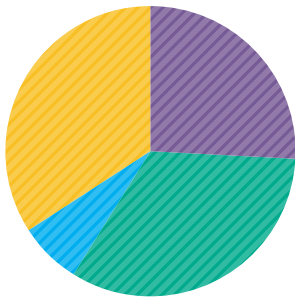
● Permanent	40%
[Male 82% Female 18%]	
● Contract	60%
[Male 98% Female 2%]	

WORKFORCE DISTRIBUTION: AGE GROUP



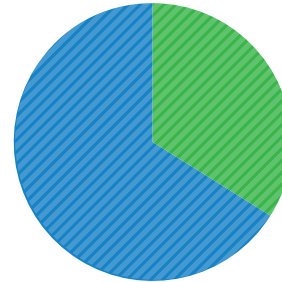
● <30	41%
[Male 94% Female 6%]	
● 30-49	43%
[Male 90% Female 10%]	
● 50 & Above	16%
[Male 90% Female 10%]	

WORKFORCE DISTRIBUTION: ETHNICITY



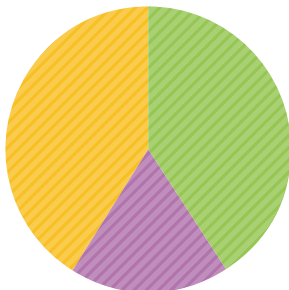
● Chinese	26%
[Male 78% Female 22%]	
● Indian	33%
[Male 98% Female 2%]	
● Malay	7%
[Male 82% Female 18%]	
● Others	34%
[Male 97% Female 3%]	

WORKFORCE DISTRIBUTION: LOCAL / NON-LOCAL



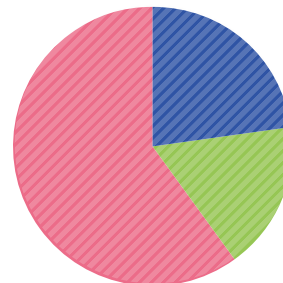
● Local-Singaporean / PR	34%
[Male 80% Female 20%]	
● Non-Local	66%
[Male 97% Female 3%]	

WORKFORCE DISTRIBUTION: EDUCATION



● Degree & Above	41%
[Male 83% Female 17%]	
● Diploma	18%
[Male 91% Female 9%]	
● Others	41%
[Male 98% Female 2%]	

WORKFORCE DISTRIBUTION: SPECIALISATION



● Engineering	23%
[Male 87% Female 13%]	
● Technical	17%
[Male 96% Female 4%]	
● Trade Skills / Others	60%
[Male 92% Female 8%]	

HUMAN CAPITAL

HUMAN CAPITAL STRATEGY



By nurturing, growing and empowering people, the Group's HR strategy furthers the company's objectives of enhancing competencies for long-term sustainability and competitiveness; developing a scalable workforce for business flexibility; and achieving operational excellence through resource optimisation.

ENSURING WORKFORCE AVAILABILITY

The Group strives to be an employer of choice, with the ability to attract and retain the best talent by providing opportunities for staff to develop their full potential and to grow in tandem with the company.

Sembcorp Marine taps on a variety of recruitment channels in its continuous search for promising individuals and capable talent. To ensure candidates are well-qualified and suitable for the positions they are applying to, a structured competency framework is used to evaluate their knowledge, skills, attitude and character during the selection process.

The Group does not tolerate discrimination on the basis of ethnicity, gender, religious beliefs, nationality, age or physical disability; as well as unethical practices such as child labour,

slavery, forced labour and human trafficking. In 2015, no reports of discrimination or exploitative labour practices were received.

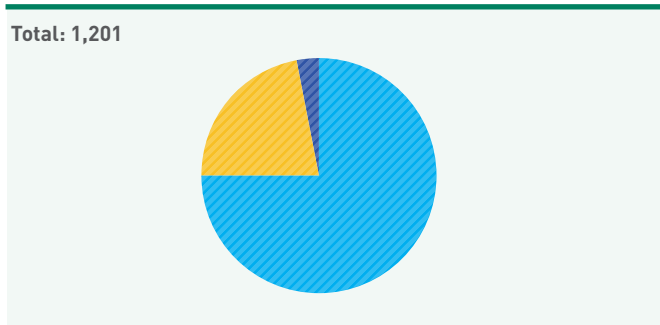
Sembcorp Marine adheres to the guidelines issued by Singapore's Tripartite Alliance for Fair and Progressive Employment Practices. It has fair and non-discriminatory processes for recruitment, training and development, performance appraisal and grievance management. The Group's hiring is based on merit, with equal opportunities provided for career development and progression.

In 2015, the Group took part in 27 recruitment and outreach programmes to raise its profile among jobseekers.

These programmes included engaging students from tertiary institutions through participation in school visits, career talks and job fairs as well as 15 yard tours to spark their interest in the offshore and marine industry.

Scholarships and internships are also an effective means to identify and develop talent from tertiary institutions and universities. During the year in review, 23 students took up scholarships from Sembcorp Marine and 14 scholars came onboard after their graduation. The Group also hosted internships and industrial attachments for more than 180 students, providing them with real-world exposure and practical training.

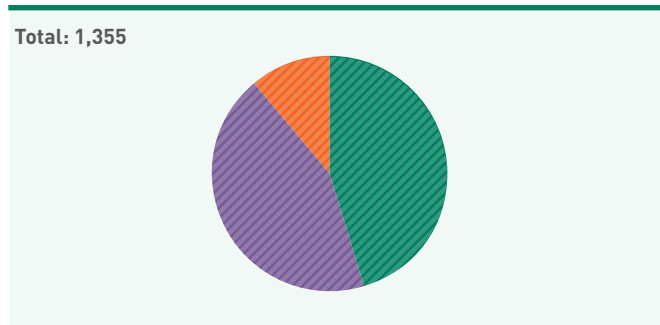
NEW RECRUITS



Age Group:

● <30	75%
[Male 93% Female 7%]	
● 30-49	22%
[Male 84% Female 16%]	
● 50 & Above	3%
[Male 86% Female 14%]	

EMPLOYEE TURNOVER



Age Group:

● <30	46%
[Male 93% Female 7%]	
● 30-49	44%
[Male 93% Female 7%]	
● 50 & Above	10%
[Male 93% Female 7%]	

PEOPLE DEVELOPMENT

Continuous learning and skills upgrading is vital in ensuring the competitiveness of Sembcorp Marine’s workforce. The Group provides employees with training and development opportunities based on their individual learning needs that correspond to their job functions and potential.

In 2015, Sembcorp Marine invested \$6.23 million for its employees to undergo 310,570 hours of structured training to equip them with relevant technical capabilities, supervisory skills, safety knowledge and functional competencies. Of those who received training, production workers made up 67% while management and support staff accounted for the remaining 33%. Male and female employees represented 94% and 6% of the personnel trained respectively, reflecting the gender composition of the Group’s workforce.

Besides employees, Sembcorp Marine also develops the skills and capabilities of its contractor workforce. In 2015, the Group’s resident contractors underwent 168,950 hours of training in areas ranging from technical expertise in specialised trades to workplace safety and health.

New employees attend a comprehensive orientation programme where they acquire an understanding of the Group’s business operations as well as its stringent workplace safety management system. New hires working on-site, such as those in production or project management, are required to undergo more in-depth technical training and attachments in their specific job areas, in order for them to gain a thorough understanding of the work processes and risk management procedures.

Sembcorp Marine has in-house training facilities at its Tuas Boulevard, Admiralty and Pandan yard locations offering specialised marine skills training and certification, such as the Ministry of Manpower (MOM) accredited Shipyard Safety Instruction Courses for Workers; Institute of Technical Education (ITE) approved NITEC programmes; and Singapore Workforce Development Agency (WDA) approved Workplace Safety & Health Trade Competencies programmes. Notably, trainees at the Group’s state-of-the-art Learning Centre at Tuas Boulevard Yard undergo hands-on training in pipe and steel fabrication, scaffolding, utilities, electrical works,

HUMAN CAPITAL



02.

02.

Trainees undergoing specialised marine skills training at the Sembcorp Marine Tuas Boulevard Yard Learning Centre

mechanical works, welding, rigger & signalman tasks as well as crane operations. The training involves the use of advanced equipment and simulated environments in the workshop as well as theory-based learning in the classroom. The Group also focuses on employees' growth and holistic development. Through courses that enhance their skills in communication, team-building, customer service, change management and time management, Sembcorp Marine employees improve their people skills and professional competencies.

Apart from structured courses, other external learning platforms for staff include participation in both local and overseas seminars, conferences and workshops, where they benefit from the insights of leading experts in the industry.

To enhance its training capabilities, Sembcorp Marine participates actively in various technical and professional work groups where staff representatives exchange ideas and insights with government ministries, educational institutions, industry associations and certified training providers. Several of the Group's senior management staff also serve on the boards of institutions, such as the Maritime and Port Authority of Singapore, Workplace Safety and Health Council, Association of Singapore Marine Industries, Singapore Maritime Foundation, Nanyang Technological University and Ngee Ann Polytechnic. Through such involvements, Sembcorp Marine is able to share industry insights and contribute to the educational development of students who will eventually join the offshore and marine engineering sector.

Nurturing High Performance Leaders

To ensure business continuity, Sembcorp Marine has a talent management and succession planning framework in place for nurturing high-performance employees with leadership potential.

The important function of identifying and grooming future leaders and successors is reviewed at the Board level by the Executive Resource and Compensation Committee (ERCC). The ERCC oversees management development to ensure continual buildup of talent and renewal of strong leadership to further the Group's success. This involves approving the appointment of senior management executives, reviewing succession plans and overseeing the development of talented executives for key positions.

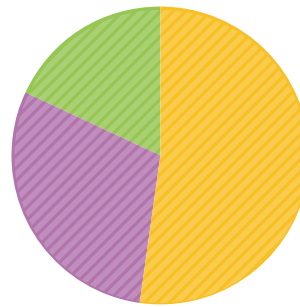
Promising talent is surfaced through Sembcorp Marine's performance management framework, which provides a structured mechanism for evaluating achievements and contributions. This enables the Group to track the growth of promising employees and design relevant training programmes to enhance their technical, functional and leadership capabilities.

Performance Management System

The Group's performance management system has been enhanced with the incorporation of a balanced scorecard framework that aligns organisational objectives with the skills, goals and competencies of employees. This collaborative and inclusive process enables staff to take greater ownership of their results and benchmark their performance against clear and structured goals that contribute to the company's strategies and objectives. The integrated approach provides a process to monitor, develop and recognise individual achievements, as well as a basis for building employee competencies and raising performance standards across the organisation.

EMPLOYEE TRAINING

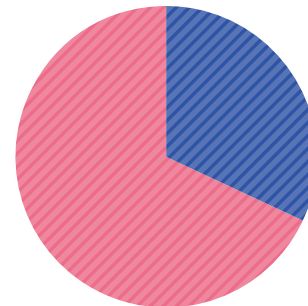
Total: 310,570 Training Hours



● Specialised Trades	52%
● Health, Safety & Environment	30%
● Leadership & Personal Effectiveness	18%

CONTRACTOR TRAINING

Total: 168,950 Training Hours



● Specialised Trades	32%
● Health, Safety & Environment	68%

HUMAN CAPITAL

GLOBAL LEADERSHIP DEVELOPMENT PROGRAMME

To nurture high-performance leaders with global mindsets, Sembcorp Marine partnered with the Singapore Management University (SMU) to launch a Global Leadership Development Programme, comprising a unique range of leadership training modules to harness the full potential of its management employees.

Developed based on the Group's Global Leadership Competency Framework, the customised training modules aim to build global leadership competencies across all levels of management staff and to empower them in their respective roles to further Sembcorp Marine's growth and success. Conducted by SMU faculty and the Group's trainers who are certified by SMU, the programme comprises a mix of lectures, group discussions, case studies, simulations and leadership assessments. Participants learn how they can apply specific leadership competencies locally and globally through strategy, people and execution to achieve desired results for themselves, their teams and the company.

Since the programme's launch in the third quarter of 2015, more than 316 management staff have undergone the leadership development training. A key part of Sembcorp Marine's training and development framework, the ongoing programme will be progressively extended to management employees across the Group.

**03.**

Enhancing leadership competencies of management staff: The newly launched Global Leadership Development Programme is custom-developed by Sembcorp Marine and the Singapore Management University

TALENT RETENTION

A key priority for Sembcorp Marine is the retention of capable employees for maintaining the Group's talent pool. To motivate and stimulate staff, a wide range of learning and development opportunities – including job rotation, mentorship schemes and work attachments in Singapore and the Group's overseas yard facilities – are provided for them to accumulate experience, acquire new skills and broaden perspectives.

Sembcorp Marine also offers competitive remuneration and incentives, including performance bonuses and equity-based rewards, to attract and retain the best talent. External human resource consultants are engaged to conduct regular reviews that ensure compensation packages and benefits are aligned with industry benchmarks. In accordance with mandatory national requirements for companies, a percentage of the salary payments to staff who are Singaporeans and permanent residents are channeled to their Central Provident Fund accounts as part of a national social security savings scheme for the employees' future retirement.

Remuneration and benefits are provided to staff based on their merit and contributions. Through the Group's structured Performance Management System, employees are evaluated based on objective criteria, set targets and key performance indicators. Performance appraisals are conducted every year where employees are assessed for career advancements and salary increments.

The Group offers its staff health and welfare benefits such as leave entitlements, group insurance coverage and company transportation. Employees have the versatility to customise benefits to suit their needs and preferences. As part of the Group's Flexible Benefits Programme, personnel can opt to utilise their credits on health care, medical screening, self-improvement, travel, insurance, childcare and fitness club membership expenses. Full-time employees and contract staff are entitled to basic healthcare and leave benefits. However, there may be differences in variable compensation and flexible benefits, depending on individual employment contracts.

Reflecting Sembcorp Marine's pro-family policies, the Group provides married employees with maternity and paternity leave benefits for childbirth as well as leave entitlements for child care, in line with Singapore's legislation. Requests by staff for flexible work arrangements in the interim, such as telecommuting and part-time work, will be reviewed on a case-by-case basis for those with health concerns or special considerations.

Another thrust of Sembcorp Marine's talent retention strategy is the re-hiring of retired employees beyond the statutory retirement age of 62 years. This has been the Group's practice

even prior to the 'Retirement and Re-employment Act', where companies are required to offer re-employment to eligible employees until the age of 65. A total of 354 retired employees continued to extend their employment on an annual contract basis in 2015. Employees aged 65 years and above constitute about 3% of the workforce. For retiring staff, preparatory workshops are provided to enable them to make a smooth transition from work to retirement.

The Group values its long-serving employees who play an important role in knowledge transfer. Long service awards are given out annually to show appreciation to staff for their contributions. In 2015, a total of 548 employees were recognised for their loyalty and commitment.

OPTIMISING RESOURCES AND EXPERTISE Workforce Planning & Organisational Development

Sembcorp Marine has developed workforce planning and organisational development strategies to build a scalable talent pool and to enhance operational productivity for long-term competitiveness. These strategies strengthen the Group's flexibility in responding to changes and its ability to capture new opportunities.

Geared towards supporting Sembcorp Marine's growth objectives, the Group's HR functions are aligned with business excellence systems, such as ISO 9001, Singapore Quality Class, Singapore Innovation Class and People Developer standards, enabling continuous benchmarking against best practices.

Centres of Excellence & Shared Services

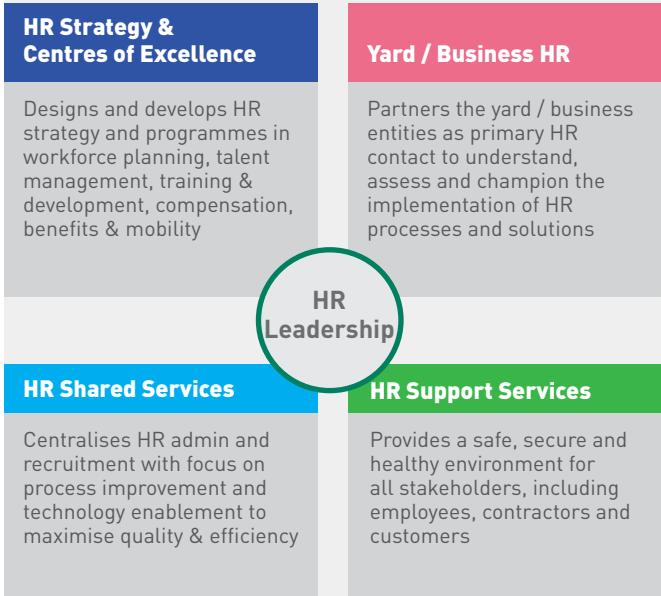
The HR operating model has also evolved to drive and support Sembcorp Marine's 'Transformation for Growth' strategy. An aspect of the Group's strategic transformation involves the streamlining of corporate service functions by centralising processes and creating centres of excellence to optimise operational efficiency, scalability and quality.

In line with this, Sembcorp Marine has a new HR operating model that is structured based on the work functions of 'HR Strategy and Centres of Excellence', 'Yard / Business HR', 'HR Shared Services' and 'HR Support Services'. With the pooling together of resources and expertise, HR will continue to play a vital role in supporting the Group's growth and key organisational outcomes.

**FOR MORE INFORMATION ON SEMBCORP MARINE'S
TRANSFORMATION STRATEGY, PLEASE REFER TO
PAGES 26 - 31.**

HUMAN CAPITAL

HR STRUCTURE



04.

04. Briefing employees on Sembcorp Marine’s strategic transformation

FOSTERING IDENTITY AND ENGAGING EMPLOYEES

Aligning employees with Sembcorp Marine’s corporate culture and fostering a ‘One Sembcorp Marine’ identity are important aspects of enhancing teamwork and cohesiveness to achieve high performance and sustainable results.

Various channels, such as orientation programmes, memos, online portals, briefings and workshops, are used to convey Sembcorp Marine’s corporate values and policies. These cover key topics such as code of business conduct, risk management, anti-corruption, whistle-blowing, workplace safety and health as well as quality and security management. The Group’s Code of Business Conduct is published on the corporate website and intranet portal for ease of access by employees. Workshops on anti-bribery compliance and enterprise risk management are also conducted to brief employees on corporate governance principles and policies.

To communicate Sembcorp Marine’s transformation strategy, more than 33 employee engagement sessions were organised in 2015, attended by over 3,200 management employees. In addition, the Group leveraged an array of engagement platforms – including a dedicated intranet portal, teambuilding workshops, staff dialogues, focus groups and briefing sessions – to connect with employees. In line with the implementation of the transformation strategy, various modes of communication, including employee information booklets, a launch video and updated marketing collaterals were used to educate staff, stakeholders and partners on the new transformation direction.

During the year, a Group-wide survey was conducted to better understand the expectations of staff in the light of Sembcorp Marine’s transformation. The results of the survey indicated that more than 91% of respondents were confident of their career prospects with the company. The survey provided useful feedback for management on the areas of improvement in engaging employees and increasing their fulfillment.

To build closer links among management and employees, teambuilding sessions, sporting tournaments, recreational activities and festive events are organised with the aim of deepening bonds and strengthening synergy within the Group.

The close union-management collaboration at Sembcorp Marine has also led to joint initiatives to enhance workforce competencies, occupational safety, people development and workplace improvements. Sembcorp Marine’s management also partners with the union to co-organise events such as National Day functions, innovation carnivals and festive celebrations to strengthen bonds and build a progressive culture within the Group.



Conducive and Caring Workplace

Sembcorp Marine strives to create a conducive and inclusive workplace where employees feel valued and are motivated to excel. The Group cares for the welfare of its people and ensures that new staff are oriented to the work environment and have the necessary support to perform their jobs well. Non-local workers go through a special immersion programme where they receive English language lessons, mandatory safety courses and relevant skills training to ensure that they are well assimilated into the company and their new work roles.

Living arrangements are also made for non-local employees to reside in hostels and dormitories located near Sembcorp Marine's various yard locations. The Group's latest purpose-built dormitory at the Sembcorp Marine Tuas Boulevard Yard is conveniently situated within the yard premises, enabling residents to cut down on travelling time. With the capacity to house 4,888 residents, the precinct is equipped with a modern gymnasium, recreation courts, a multi-purpose sports hall, reading areas and a multi-media room. Other facilities include central laundry services, central kitchen meals provision, a minimart, a hair salon and an ATM. With their well-being and living needs taken care of, workers will be invigorated and energised to deliver higher productivity and performance on the job.



Health and Wellness

Sembcorp Marine is committed to promote health and wellness among employees and stakeholders. The various yard locations are equipped with emergency response capabilities and medical facilities to provide the necessary support to personnel should they require urgent medical attention or regular healthcare treatment.

HUMAN CAPITAL

The Group has partnered with Jurong Medical Centre, Ng Teng Fong General Hospital and Khoo Teck Puat Hospital to ensure swift response in the event of incidents or contingencies. This collaboration also enables staff to have faster access to medical advice and direct referrals for specialist consultations, radiology treatments and clinical tests.

A holistic range of workplace health promotion initiatives are offered to enhance the well-being of employees. Annual health screenings and early intervention programmes are conducted to enable timely detection and management of chronic diseases, such as high cholesterol, high blood pressure, coronary heart disease, stroke, hypertension and diabetes.

In 2015, various health talks and workshops were held to educate staff on diverse topics, including the prevention of diseases such as cancer, osteoporosis, dengue fever, tuberculosis and human immunodeficiency virus (HIV); the adoption of safe work practices to prevent aches and strain; as well as the importance of regular exercise and good dietary habits.



07.

Total Well-Being

Beyond physical well-being, the Group's workplace health programmes also focus on themes such as stress management and mental health to equip employees with a positive attitude to excel at work and in their personal life. To further support staff, an Employee Assistance Programme was introduced, providing access to various help platforms, including a counselling hotline for advice on work, personal or family issues. In addition, talks are also conducted where employees acquire useful knowledge on enhancing family ties and interpersonal relationships beyond the workplace.

FOR MORE INFORMATION ON SEMBCORP MARINE'S OCCUPATIONAL HEALTH AND SAFETY PROGRAMMES FOR EMPLOYEES, PLEASE REFER TO PAGE 131.

08.



Active Living

Daily morning exercises and ACTIVE (All Companies Together in Various Exercises) Day monthly mass workouts are some of the initiatives implemented to foster healthy and active living among staff. Various avenues for keeping fit are available to employees at the workplace, including gymnasium facilities, personal training sessions and fitness classes for exercises such as zumba, pilates and yoga. To encourage staff to be mindful of their dietary choices, healthy snacks, fruits and beverages are given out on a regular basis. Special health awareness events, for example, Fruit Day and Healthy Eating Day, are also held to promote the importance of a well-balanced diet for optimal health.

Outside the workplace, the Group holds tournaments and competitions – for sports such as futsal, bowling and darts as well as recreational games like carrom, pool and chess – where employees can showcase their talent, have fun and strengthen camaraderie. Nature walks and other outdoor excursions are also periodically organised to foster greater interaction and bonding between management and staff.

05.

Strengthening union-management partnership and tripartite links

06.

Promoting teamwork and active living through sporting events

07.

Annual health screening for early detection of chronic illnesses

08.

Outdoor excursions provide interaction and bonding opportunities for employees

WORKPLACE SAFETY & HEALTH

Sembcorp Marine's journey of workplace safety and health excellence is directed towards a zero-incident target. Together with employees, contractors and stakeholders, the Group is committed to nurture a culture of continuous safety and health improvement at the workplace, personal accountability and proactive individual involvement.

High standards of workplace safety and health are key factors in capturing the trust and confidence of the Group's employees, customers and other stakeholders. In this regard, Sembcorp Marine's Health, Safety, Security, Environmental & Quality policies and practices are certified to OHSAS 18001 Occupational Health and Safety standards and Singapore's Workplace Safety and Health Act.

The Group further benchmarks against global standards such as the International Association of Oil & Gas Producers (IOGP) Safety Data Reporting Users' guide; Oil Companies International Marine Forum's Marine Injury Reporting Guidelines; International Labour Organisation (ILO) Guidelines for Occupational Health and Safety Management Systems; ILO Safety in the Use of Chemicals at Work guidelines; and ILO Safety and Health in Shipbuilding and Ship Repairing guidelines.

The Group regularly reviews these policies to include best practices from industry leaders, customers, business partners and other stakeholders.

Reflecting a commitment from the top through the organisation, the Group's workplace health and safety policies and practices extend from the Board Risk Committee and Enterprise Risk Management Committee to the Group's yard departments and sub-trade functions which encompass 33,861 employees and contractors in 2015. At the operational level, there are over 300 male and female representatives of employees and contractor partners in the various Health, Safety and Environment (HSE) committees.

Sembcorp Marine's HSE strategic thrusts are:

- Continuous enhancement of HSE competencies and capabilities**
 To create and foster an internalised safety culture, including proactive risk management and shared ownership by all stakeholders
- Building up commitment and leadership towards a better Workplace Safety and Health (WSH) culture**
 To enhance capability building among all stakeholders and encourage innovation in promoting continuous safety and health assessment to ensure the highest WSH standards
- Involvement and support from stakeholders**
 To increase connectivity and communication networks so as to enhance outreach to all relevant stakeholders through promotional activities and information-sharing portals
- Improvement in risk and safety management systems**
 To enhance the HSE management system through the development of benchmarking and statistical tools, incident reporting and continuous improvement and to develop focused intervention programmes for identified high risks to reduce incidents, including risk assessments, trade specific guides and industry practices

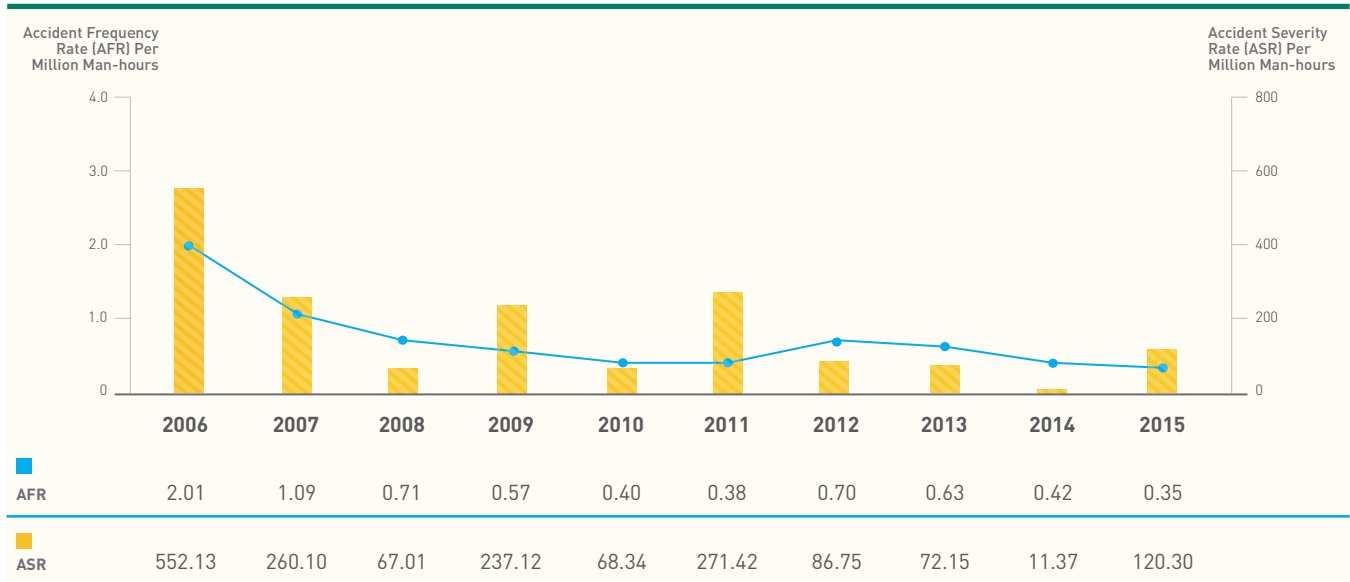
To assess, monitor and improve workplace safety and health, Sembcorp Marine adopts a robust safety monitoring and evaluation system benchmarked against global standards. This includes a range of indicators such as near misses, reported hazards and occupational disease rate. The Group annually reviews its HSE work plans to ensure that its programmes and activities are constantly adapted to changing work behaviours.

FOR MORE DETAILS ON SEMBCORP MARINE YARD CERTIFICATIONS, PLEASE REFER TO PAGE 5.

MORE INFORMATION ON SEMBCORP MARINE'S HEALTH, SAFETY AND ENVIRONMENT (HSE) RISK MANAGEMENT APPROACH CAN BE FOUND ON PAGES 100 - 101.

WORKPLACE SAFETY & HEALTH

SEMBCORP MARINE'S SAFETY PERFORMANCE



WSH PERFORMANCE IN 2015

In 2015, the Group's Accident Frequency Rate (AFR) decreased by 17% to 0.35 incidents per million man-hours, but Accident Severity Rate (ASR) rose to 120.30 man-days lost per million man-hours. Workplace Injury Rate (WIR) decreased to 118.69 incidents per 100,000 employed persons.

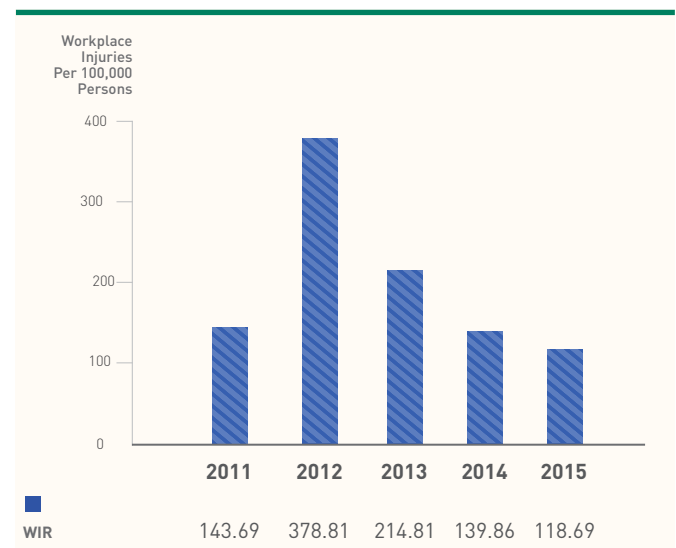
Contractor reportable incidents in 2015 fell to 55%, an improvement over 62% in the previous year. This was largely due to more aggressive efforts to integrate and align contractors with the Group's WSH targets through a range of programmes and training.

Sembcorp Marine's yards conducted 213 drills in 2015 together with its contractors, customers, shipyard occupiers and other relevant stakeholders. These included evacuation drills, environmental threats, security breaches, onboard and onshore fire & rescue scenarios as well as joint exercises with the Singapore Civil Defence Force.

In 2015, Sembcorp Marine reported two fatal incidents involving contractors in a lifting operation and a crane-related incident. The Group responded with immediate investigation protocols and undertook new measures with both contractors and employees to reinforce conformance to its safety system standards across all the yards.

During the reporting year, penalties were imposed on two separate incidents which occurred in prior years. These related to a diving incident and a pedestrian accident at the workplace.

WORKPLACE INJURY RATE (WIR)





01.

01.

Daily HSE meetings drive home the importance of workplace safety and health

RISK & SAFETY MANAGEMENT SYSTEMS

Sembcorp Marine yards undergo annual audits as part of OHSAS 18001 certification and company policy. Risk management teams continuously monitor and evaluate HSE performance against WSH impact on people, assets and consequential loss, environment as well as reputation.

The Group actively encourages its resident contractors to reach bizSAFE# Star levels, where they are required to be certified to a SS506 Occupational Health and Safety Management, OHSAS 18001 or equivalent standard. In 2015, 63% of Sembcorp Marine’s 209 resident contractors were bizSAFE Star rated. All Sembcorp Marine resident contractors are required to meet bizSAFE level 3 standards to ensure that they have audited risk management systems.

To identify areas for improvement and align contractor WSH practices with Sembcorp Marine’s Code of Business Conduct, standards and policies, an audit initiative on the safety management systems of the Group’s resident contractors was launched in 2014. In 2015, the ongoing programme saw a total of 74 contractor partners audited.

A programme driven by the national WSH Council where risk management implementation frameworks and procedures must be assessed by a ministry-approved WSH auditor.

The Group also centred its Review, Educate and Validate (REV) risk mitigation programme on the topics of fire and explosion, working at heights, machinery equipment as well as material handling. Employees, contractors and project teams were required to conduct regular safety audits, evaluations and risk assessments on these key risk topics.

BUILDING COMPETENCIES TO BEST STANDARDS

Sembcorp Marine benchmarks its WSH practices against global standards, often in close collaboration with international customers. Some initiatives that have stemmed from this practice include:

- Communication, Awareness, Reporting and Engagement (CARE) Programme – an integrated approach to fostering a cohesive WSH culture;
- MoveSMART® – a customer-initiated training and reinforcement-based process to reduce injuries through a proven set of movement techniques; and
- Adoption of International Association of Oil & Gas Producers (IOGP) reporting benchmarks.

WORKPLACE SAFETY & HEALTH

Sembcorp Marine's yards conduct joint exercises with the Singapore Civil Defence Force, Security & Safety Watch Groups in the community, and Home Team agencies like the Singapore Police Force to improve occupational health and safety standards in the industry and ensure continued community vigilance and emergency readiness. Sembcorp Marine also works closely with external agencies such as the Ministry of Manpower, WSH Council and the Association of Singapore Marine Industries, providing feedback for policy development.

The Group has an HSE Officers Inter-yard Exchange Programme aimed at streamlining and accelerating implementation of HSE best practices across Sembcorp Marine's yards. In 2015, this programme focused on operations in the Tuas Boulevard facility.

A series of specialist training is provided to Sembcorp Marine HSE personnel to build a robust scope of competencies and capabilities. These include courses on occupational first aid covering Automated External Defibrillation (AED), Cardio-Pulmonary Resuscitation (CPR), fire fighting, handling of hazardous materials, working in confined space and assessing work at height conditions.

In 2015, Sembcorp Marine yards participated in the national CultureSAFE programme, launched in 2014. The Group introduced 28 contractors to the WSH culture-building platform, which focuses on aligning WSH goals across all levels and stakeholders, as well as broadening communication and participation channels necessary to strengthen a mindset that sustains safe work systems and processes. Together, some of the initiatives that were run under the CultureSAFE programme included:

- Sustainable training activities tailored to different levels of the workforce to address topics such as management systems;
- Empowerment of onsite personnel to halt ongoing operations or work activity should any potentially unsafe work conditions be spotted;
- Awareness enhancement of common hazards through case study analysis and a spectrum of communication platforms; and
- Intensification of onsite promotion of proactive safety behaviour to reinforce the importance of personal responsibility and workplace safety and health practices.

Additionally, the Group utilises a series of award recognition initiatives to encourage exemplary WSH behaviour for employees. These initiatives include WSH Best Supervisor and WSH Best Worker Awards.

02.

Joint HSE site inspection with customers





03. Regular multi-scenario drills prepare onsite teams to respond swiftly to potential emergency scenarios

04. Fostering a proactive and collaborative WSH culture with contractor partners and external stakeholders

05. A holistic approach to safety and health at the workplace

DRIVING CONTRACTOR PARTNERS FORWARD

Sembcorp Marine is committed to fostering contractors' growth in tandem with the Group's high expectations of workplace safety and health.

Recognition and incentive programmes such as the WSH Pinnacle Award, the WSH STAR Award and the Contractor Safety Recognition Award were developed for contractor partners, to encourage good safety performance among them. The yards' HSE and training teams work closely with contractors to identify areas for improvement.

Sembcorp Marine actively involves contractors and stakeholders in the Group's WSH innovation competitions, which promote ownership of WSH responsibility and a proactive approach to developing WSH improvement solutions.

The Group also works closely with contractors through joint task forces in conducting regular patrols and discussions that reinforce HSE best practices in the yards.



WORKPLACE SAFETY & HEALTH

A HEALTHY AND SAFE WORKPLACE

The company is committed to total health care in the workplace. Regular health checks are offered to staff under the company's health programme. Personnel in jobs with exposure to specific occupational health risks are identified for additional assessment and monitoring.

The yards' medical facilities, onsite paramedics and medical staff teams are equipped with knowledge and skills to quickly respond to situations ranging from occupational first aid to advanced life support.

Health emergency protocols are in place to safeguard and monitor staff, contractors and customers during nationwide crises and against communicable diseases, such as hazardous haze conditions and influenza epidemics respectively.

To create an environment free from mosquito-borne hazards such as dengue fever and malaria, the yards adopt a preventive approach. Regular site inspections, housekeeping exercises and fumigations identify and eliminate potential mosquito breeding grounds. Awareness and prevention training is provided to staff and contractors to encourage vigilance.

RECOGNITION OF WSH EFFORTS

In 2015, the Group garnered 34 WSH national and industry awards – including 24 safety and health performance recognitions for projects (SHARP), six WSH Innovation awards, two awards for exemplary WSH behaviour by supervisors, and two WSH Performance awards for two separate Sembcorp Marine yards. The Group is also pleased to report that a resident contractor with 22 years of working relationship with Sembcorp Marine Tanjong Kling Yard received the national WSH Risk Management Award.

PLEASE REFER TO PAGES 12 - 13 FOR MORE INFORMATION ON SEMBCORP MARINE'S AWARDS AND ACCOLADES.

06.

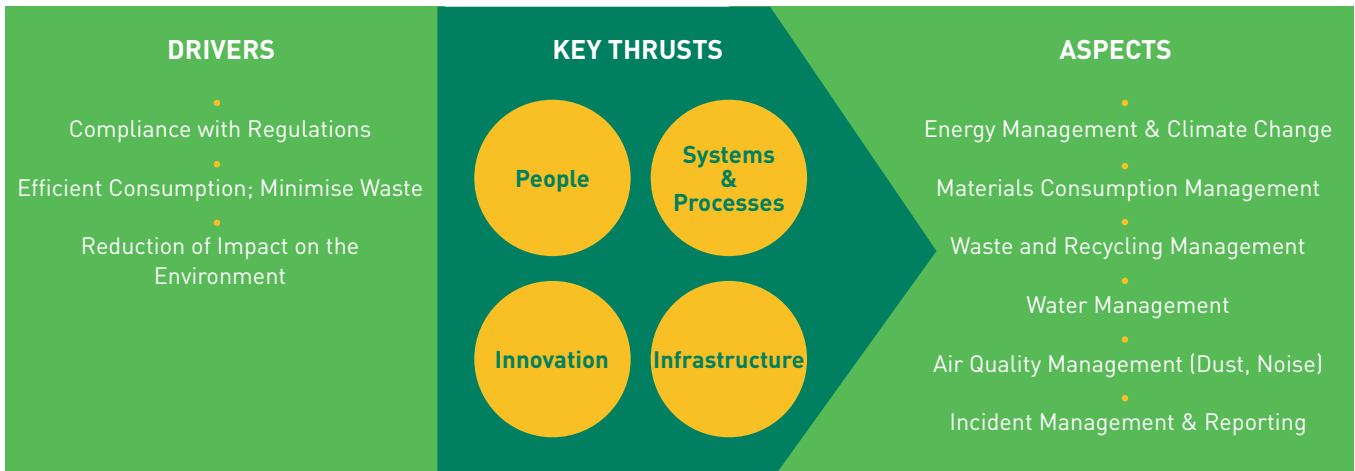
Senior management regularly engage contractor partners to emphasise the importance of workplace safety and health excellence



ENVIRONMENTAL FOCUS

Sembcorp Marine is committed to mitigating its business impact on the environment and the community. The Group aims to further enhance its service and product offering with optimal use of resources, and with minimal impact to the environment and the community.

ENVIRONMENTAL FRAMEWORK



In 2015, a Sembcorp Marine Environmental Committee was formed to support the Group’s efforts to build an environmentally-friendly workplace befitting of good corporate governance and responsibility. Committee responsibilities include streamlining entity policies and activities, as well as sharpening evaluation measures and performance.

Sembcorp Marine yards adopt individualised environmental management systems (EMS) adapted to the respective locations and managed by committees consisting of HSE personnel, business excellence champions and management representatives from the Group’s operations. These EMS are compliant with strict national regulations such as the National Environment Agency’s Environment Protection and Management Act and Hazardous Waste (Control of Export, Import and Transit)

Act, as well as the Maritime and Port Authority of Singapore’s Prevention of Pollution of the Sea Act. Two of the Group’s largest yards are certified to ISO 14001 Environment Management standards. Risk assessments on environmental impact as well as health and safety impact form an integral part of Sembcorp Marine’s operations. All of its yards undergo regular external and internal audits as part of ISO 14001 Environment Management, ISO 9001 Quality Management or OHSAS 18001 Occupational Health and Safety Management certifications.

All Sembcorp Marine contractors, vendors, customers and shipyard occupiers are expected to comply with the Group’s environmental policies and practices.

In 2015, there were no environment-related non-compliance cases or reports of oil spills, sanctions and fines.

ENVIRONMENTAL FOCUS

ENERGY CONSUMPTION AND CLIMATE CHANGE

Yard operations consume energy for two primary functions – gas fuel to produce heat for cutting and welding; and electricity and diesel to power operations, buildings, generators and equipment.

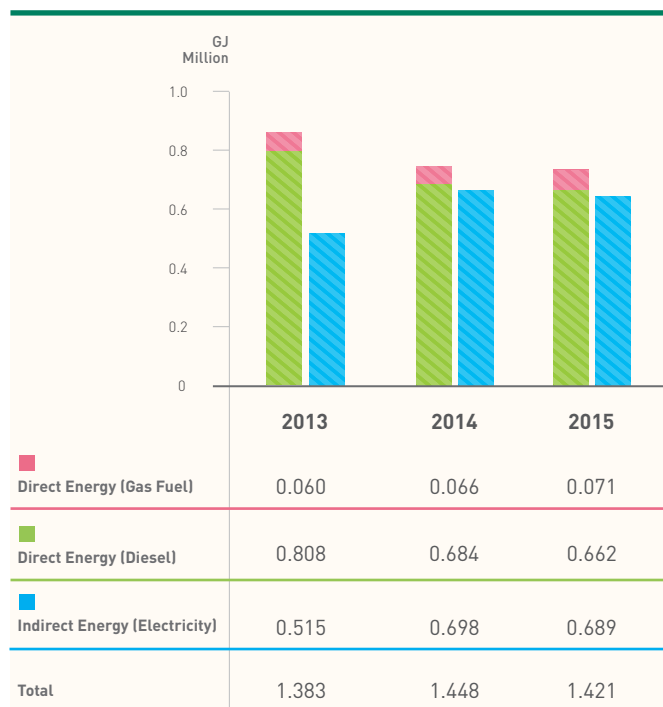
The Group promotes responsible usage of electricity, as well as takes a continuous improvement approach towards more climate-friendly gases and technology. Decreasing reliance on fossil fuel, adoption of cleaner gases, and enhancement of energy efficiency enable Sembcorp Marine to mitigate atmospheric emissions. The Group's three largest locations are overseen by certified energy managers who track and monitor the consumption of electricity, fossil fuel and gas fuel.

Since 2012, Sembcorp Marine has reduced its reliance on diesel-fuelled generators. Alternative forms of power such as electricity have enabled the Group to decrease the carbon emissions impact of its operations. At Sembcorp Marine Tuas Boulevard Yard, the Group has also implemented a Land-based Energy Management System that monitors and provides data to actively manage electricity consumption.

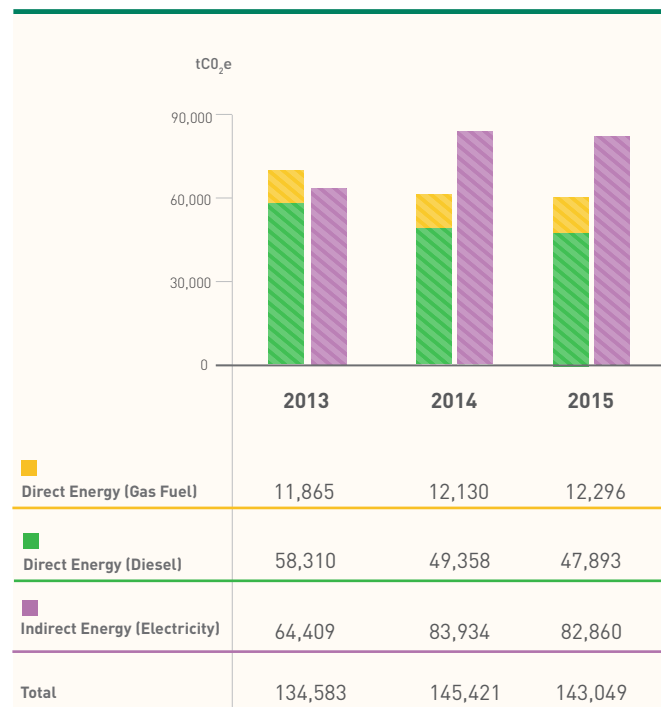
The Group sources its electricity from the Singapore power grid, which is generated by a fuel mix comprising 95% of natural gas, 0.9% of petroleum products (mainly diesel and fuel oil) and 3.7% of other sources such as municipal waste, coal and biomass[^].

In 2015, Sembcorp Marine's operations consumed 1,421,988 GJ of energy. This translated to 143,146 tCO₂e of carbon emissions.

ENERGY CONSUMPTION



CARBON EMISSIONS



Notes:

- 2014 electricity emissions have been updated to reflect new figures from the Energy Market Authority.
- Historical gas fuel emissions have been restated to reflect a calculation error for natural gas.
- Gas fuel for welding and cutting activity includes acetylene, liquefied petroleum gas and natural gas.

[^] Latest available figures at time of print from "Energising Our Nation: Singapore Energy Statistics 2015", page 102, Table 7.1: Electricity Grid Emission Factor and Upstream Fugitive Methane Emission Factor, Republic of Singapore.



01. Sembcorp Marine yards conduct regular chemical spill drills to ensure operations are emergency-ready

AIR QUALITY MANAGEMENT

Sembcorp Marine shipyards manage airborne particulates by maximising the amount of sheltered blasting and painting facilities, as well as ensuring compliance with the National Environment Agency’s requirements which are in turn benchmarked against the World Health Organization Air Quality Guidelines. Areas that undertake blasting or painting activities are regulated by filtration systems. To mitigate the impact on nearby residential areas, the Sembcorp Marine Admiralty Yard has taken additional precautionary steps, such as setting up PM2.5 monitoring points to constantly track the emission of airborne particulates as well as halting work in open blasting and painting areas if wind speeds exceed eight knots.

WATER CONSUMPTION MANAGEMENT

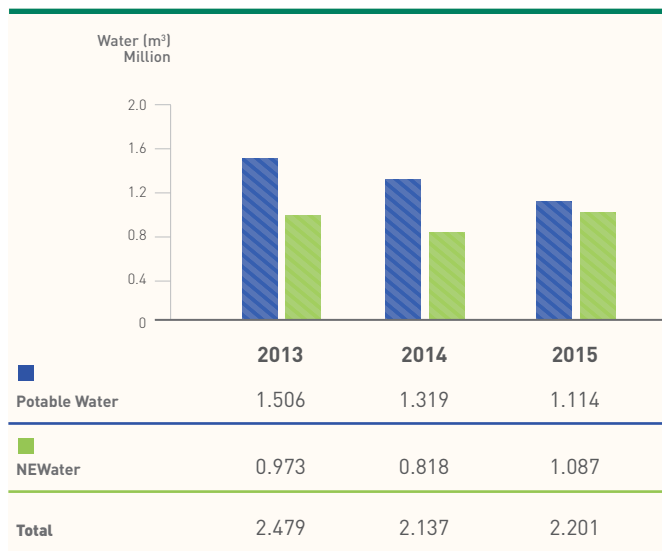
Sembcorp Marine sources its water from the national Public Utilities Board (PUB) which draws from local catchment areas, imported water, desalinated water and reclaimed water known as NEWater. As a corporate member of a water-stressed country°, the Group is fully committed to managing its water consumption responsibly. Sembcorp Marine’s operations utilise seawater and recycled water in order to reduce the Group’s water withdrawal from national sources.

The Group utilised a total of 2.201 million m³ of water in 2015, compared with 2.137 million m³ in 2014. This increase was due to more ship repair and hydro-blasting activities. Sembcorp Marine’s reclaimed water usage constituted 49% of the Group’s total consumption, an improvement over 38% in 2014.

In 2015, Sembcorp Marine reviewed its water consumption monitoring and trialed a new water stewardship framework involving increased measures such as regulated leak checks, additional monitoring equipment and new reporting metrics at the Admiralty, Tanjong Kling and Tuas Boulevard yards.

° According to the World Resources Institute

WATER CONSUMPTION



ENVIRONMENTAL FOCUS

MATERIAL MANAGEMENT

Steel is one of Sembcorp Marine’s primary raw materials. Centralised procurement is practised to ensure vendor compliance with national regulations as well as the Group’s Code of Conduct. In 2015, 115,903 MT of steel was consumed, a decrease from previous years as ongoing projects moved out of the heavy construction phase, or construction progress was paced out.

The Group is committed to minimising wastage of all raw materials such as steel. The yards utilise a materials workflow management system to optimise all possible usage of steel before remaining scraps are sent for recycling.

FOR MORE INFORMATION ON SEMBCORP MARINE’S SOURCING POLICIES, PLEASE REFER TO PAGES 104-105.

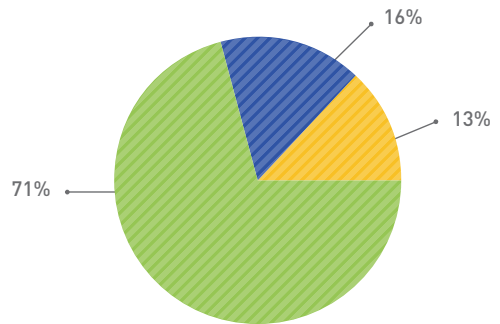
WASTE MANAGEMENT

Sembcorp Marine’s waste management programme focuses on hazardous waste, non-hazardous waste and materials sent for recycling.

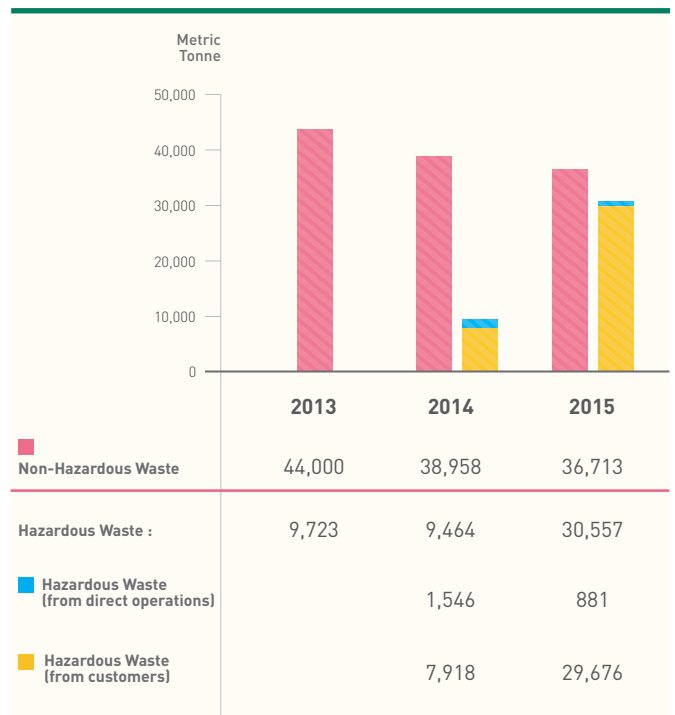
Waste management is highly regulated in land-scarce Singapore. Waste generated by Sembcorp Marine, its subsidiaries and contractors is handled by ministry-approved waste disposal vendors. Companies that process general and hazardous waste are subject to strict regulations imposed by the government in accordance with global standards and agreements, such as the Basel Convention.

The Group’s policy on chemical and hazardous substances sets out detailed company regulations on the procurement, handling and disposal of hazardous substances. The policy includes stringent waste segregation measures, mandatory compliance with the Global Harmonised System (GHS) of classification and handling, trained handling requirements and emergency response procedures. Implementation of this policy is overseen by HSE, security and production personnel, as well as procurement and project managers.

TYPES OF WASTE



- Recycled Waste
- Non-Hazardous Waste
- Hazardous Waste



Notes:
 · PPL commenced tracking of waste materials in 2014.
 · The Group began tracking separate sources of hazardous waste in 2014.

TO LEARN HOW SEMBCORP MARINE RECYCLES USED COPPER GRIT, PLEASE VISIT THE SUSTAINABILITY CASE STUDIES SECTION OF WWW.SEMBMARINE.COM.



In 2015, 36,713 MT of non-hazardous waste was disposed. Of the total hazardous waste disposed by the Group, 881 MT (3%) was due to direct shipyard operations and the other 29,676 MT (97%) was removed on behalf of customers from vessels which called at Sembcorp Marine yards for repair and upgrading works.

Sludge and oily water removed from customers' vessels during repairs are the main contributors of hazardous waste. Disposal companies certified to handle hazardous waste in Singapore treat and discharge oily water with full regulatory compliance. Oily solid matter and sludge are incinerated to reduce landfill volume and subsequent stress on land-scarce Singapore as well as to leverage waste-to-energy opportunities.

The overall increase in waste at Sembcorp Marine was due primarily to the increase in repair and maintenance customer jobs in 2015. Sembcorp Marine targets to reduce the impact of waste disposal on the environment.

The Group recycles fully all spent copper grit and steel scraps retrieved from shipyard operations. Last year, this amounted to 118,400 MT and 45,553 MT respectively and were the two most significant recycled materials at Sembcorp Marine yards.

Spent copper grit is treated and either reused for blasting activities, or recycled as a sand substitute in brick construction or cement production. Scrap steel is recycled to produce steel for a range of non-demanding uses.

ENVIRONMENTAL FOCUS

FOR MORE INFORMATION ON HOW SEMBCORP MARINE DEVELOPS GREEN TECHNOLOGIES AND INITIATIVES, PLEASE REFER TO PAGES 108 - 113 AND THE TECHNOLOGIES SECTION OF WWW.SEMBMARINE.COM.

SEMBCORP MARINE PROMOTES A PROACTIVE GREEN MINDSET AMONG YOUNG MINDS. FIND OUT MORE AT PAGE 139 AND ON WWW.SEMBMARINE.COM/GREENWAVE/.

02.

Sembcorp Marine reduces landfill stress in land-scarce Singapore by upcycling used copper slag as a sand substitute for pavement bricks and ready-mix concrete

03.

Regular monitoring of water consumption as part of Sembcorp Marine's water stewardship programme

04.

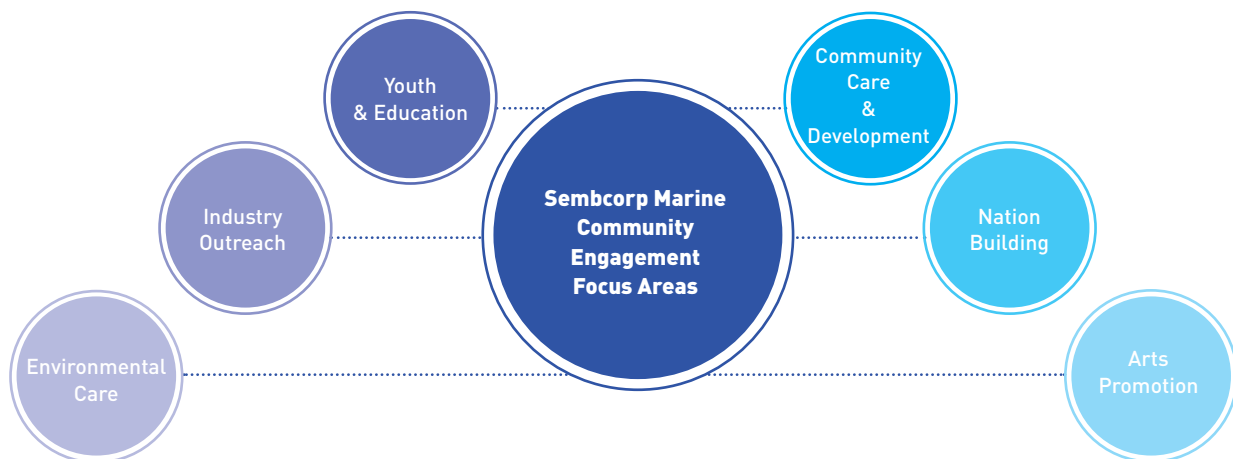
Fostering an environmentally-friendly culture among contractor partner and employees

04.

COMMUNITY DEVELOPMENT & INVOLVEMENT

Sembcorp Marine cultivates close links with the community and champions a wide range of social improvement and industry development initiatives to make a positive difference to society. As part of the community engagement thrust of its corporate social responsibility programme, the Group focuses on advancing causes relating to 'youth and education', 'community care and development', 'nation building', 'environmental care', 'arts promotion' and 'industry outreach'.

In 2015, Sembcorp Marine gave more than \$3.82 million towards community building initiatives, charitable causes and industry development projects through company-driven programmes, sponsorships as well as corporate and staff donations. The Group and its employees contributed more than 5,740 hours of community service and volunteering efforts in various social improvement projects.



SUPPORTING YOUTH AND EDUCATION

Sembcorp Marine has been helping needy students from families residing near the Group's yards since the launch of its School Book Assistance Grant (SchoolBAG) Programme in 2001. Aimed at supporting children and youths from financially disadvantaged families, the SchoolBAG programme has benefited more than 17,500 students through cumulative grants of \$3.6 million over the past 15 years. In 2015, the Group gave \$256,000 in financial aid to 1,250 primary, secondary and junior college students to subsidise their school expenses and enrichment programmes.

Demonstrating its strong support for education, Sembcorp Marine regularly sponsors awards and book prizes given by educational institutions to honour top students who excel in their studies and co-curricular activities. Internally, the

Group also provided academic awards and bursaries totalling \$66,100 to the children of its employees in 2015 to recognise their educational achievements and to supplement their school expenses.

To bolster the development of education and research, the Group partnered with the Nanyang Technological University (NTU) in establishing the Sembcorp Marine Lab @ NTU, an advanced research facility focused on developing cutting-edge technologies and solutions to sharpen Singapore's competitiveness in the offshore and marine industry. The Group had made a commitment earlier in 2012 to contribute \$10 million over a period of five years to fund the development of this high-tech Research & Development lab.

COMMUNITY DEVELOPMENT & INVOLVEMENT

01.



01.

Providing financial grants under the SchoolBAG programme to support students in their educational journey

02.

The Green Wave Environmental Care Competition aims to inspire young minds to develop innovative green solutions for environmental improvement

CREATING ENVIRONMENTAL AWARENESS

Sembcorp Marine continues to raise awareness of environmental protection and preservation through the Green Wave Environmental Care Competition. Started in 2003, the Green Wave competition is an annual initiative that encourages children and youths to apply their creative talent in developing innovative environmental projects.

The 2015 Green Wave competition saw the submission of 234 project entries by 850 students in the primary, secondary, junior college, ITE (Institute of Technical Education) and tertiary categories. These projects reflected the growing maturity among student participants in tackling a gamut of environmental challenges, ranging from water preservation and waste management to the protection of various ecosystems. Since the extension of the competition to regional tertiary institutions in 2014, Green Wave has attracted outstanding submissions from overseas and created opportunities for knowledge exchange among local and overseas participants.

02.



The Green Wave event also serves as a platform for Sembcorp Marine to engage industry stakeholders and community leaders in championing the green cause, by involving them in the competition's judging process and also encouraging them to offer internship opportunities as competition awards.

Committed to advancing marine sustainability, Sembcorp Marine was a sponsor of the World Ocean Council Sustainable Ocean Summit 2015. The convention brought together the international ocean business community to further the development and implementation of industry-driven solutions to address ocean sustainability challenges.



03.

03. Sembcorp Marine volunteers and Community Chest beneficiaries drumming up the atmosphere at the Heartstrings Walk 2015



04.

04. Volunteers from Sembcorp Marine bringing joy to beneficiaries during festive celebrations

CARING FOR THE COMMUNITY

Sembcorp Marine extends care and support to those in need within the community through various avenues, such as donations, sponsorships, staff volunteering efforts and community service.

In 2015, the Group contributed to several charitable organisations and philanthropic causes, including the Community Chest, the Singapore Children’s Society, the Tan Tock Seng Hospital Community Charity Ride Programme and the NTUC U-Care Fund. Under a dollar-for-dollar donation matching initiative, Sembcorp Marine and its employees gave a total of \$95,000 in aid of the Community Chest’s SHARE Programme, which supports voluntary welfare organisations in Singapore’s social services sector. Direct salary contributions were also made by employees to the Chinese Development Assistance Council (CDAC), Yayasan MENDAKI, the Singapore Indian Development Association and the Eurasian Association. These organisations provide educational assistance and community care to beneficiaries.

Sembcorp Marine was a key sponsor of the annual Heartstrings Walk organised by the Community Chest to raise funds for charities under its care. In conjunction with the charity walk, several staff volunteers from the Group also participated in a community drumming activity with beneficiaries from the SIA MINDS Employment Development Centre. Several sessions of rehearsals leading up to the event enabled employees to connect and build rapport with the participating drummers to deliver a successful performance.

On the community development front, the Group has close links with the Yishun Students Care Service and actively supports the organisation’s initiatives to positively impact children and youths. The U.Me Christmas Party is an annual celebration jointly organised by Sembcorp Marine and the Yishun Students Care Service for the care centre’s beneficiaries and their families. Apart from helping with the planning and execution, Sembcorp Marine employees also volunteered their time to create a memorable festive experience for the young participants.

Sembcorp Marine employees came together to assist the elderly residents of the Sunshine Welfare Action Mission (SWAMI) in the new-year spring cleaning tasks. On festive occasions, such as the Lunar New Year and mid-autumn celebrations, they visited various welfare organisations to bring cheer to the seniors residing there.

Donating blood to save lives is another meaningful cause supported by the Group’s employees, who actively participated in quarterly blood donation drives organised by the Singapore Blood Bank at the Khoo Teck Puat Hospital during the year.

COMMUNITY DEVELOPMENT & INVOLVEMENT



05.

05. Strong commitment by management and staff towards nation building



06.

06. Employees marching with pride as part of the SG50 National Day Parade celebrations

SUPPORTING SG50 AND NATION BUILDING

In line with Singapore's 50th anniversary (SG50) celebrations, Sembcorp Marine supported a series of meaningful initiatives and events to mark this significant national milestone.

Sembcorp Marine is honoured to be involved in Singapore's Golden Jubilee National Day Parade (NDP) celebrations in 2015, marking the Group's ninth consecutive year of NDP sponsorship and participation. Some 23 employee volunteers represented the Group in the marching segment of the parade. Additionally, Sembcorp Marine sponsored several mementos in the SG50 fun packs given to parade spectators to commemorate the celebration.

The Group is also proud to have been a part of SPRING Singapore's 'The Economic Miracle' travelling exhibition, an interactive showcase tracing the evolution of key industries and pioneering companies which had contributed to Singapore's economic success. Sembcorp Marine's veteran staff, 60-year-old technical engineer Mr N. Mariappan, was featured in the 'Hands that Built Our Nation' segment of the exhibition, where he shared his personal experience of the Group's progress and transformation into a global leader in the offshore and marine industry.

The 'Local Champions, Global Leaders' competition was another SPRING Singapore initiative supported by the Group in 2015. As a nation-wide competition, teams of students collaborated with local industry champions and multi-national companies to showcase the firms' significant contributions to Singapore's growth and success. Sembcorp Marine's collaboration with Team Trium from the National

University of Singapore won the second runner-up award at the competition with an interactive and engaging display highlighting the Group's heritage, milestones and achievements.

Sembcorp Marine was also a major sponsor of a televised documentary and a commemorative coffee table book, both commissioned by the Maritime and Port Authority of Singapore (MPA) and the Singapore Shipping Association in partnership with National Geographic to commemorate SG50. These projects, in which Sembcorp Marine was featured, successfully documented the nation's achievements in the offshore and marine sector as well as its capabilities as an integrated maritime hub of choice.



07.

07. Sembcorp Marine's collaboration with Team Trium from NUS won the second-runner up award at the SG50 'Local Champions, Global Leaders' competition organised by SPRING Singapore



08.

08. Connecting with stakeholders through various engagement platforms

FOSTERING A VIBRANT COMMUNITY

Sembcorp Marine supports the promotion of arts and sports in Singapore to foster greater creativity, passion and vibrancy within the community. The Group was a sponsor of the Asian Civilisations Museum's comprehensive renewal project. This initiative involved the development of additional installations, such as a riverfront entrance and new galleries spread over three floors; as well as engagement programmes to enhance the museum's capacity and outreach efforts.

Sembcorp Marine also contributes towards the Yishun Students Care Service's efforts to engage children and youths through arts and sports. In 2015, the Group sponsored art workshops and a soccer camp organised by the care centre.

GLOBAL COMMUNITY ENGAGEMENT

Beyond Singapore, Sembcorp Marine's overseas yards also embrace the Group's commitment towards corporate social responsibility and community engagement. Employees from these yards are involved in projects that promote environmental sustainability, skills training and access to learning resources. In 2015, they organised educational and sporting workshops for youths and contributed to fund-raising projects and charitable causes.

LEARN MORE ABOUT SEMBCORP MARINE'S GLOBAL INITIATIVES IN COMMUNITY ENGAGEMENT AT THE SUSTAINABILITY SECTION OF WWW.SEMBMARINE.COM.

INDUSTRY DEVELOPMENT

As a leading industry player in Singapore, Sembcorp Marine contributes its knowledge, expertise and resources to advance the sustainable development of the nation's offshore and marine sector. The Group supports a broad spectrum of industry outreach, promotion and development programmes that raise the sector's profile locally and globally; strengthen ties and partnerships among industry players; as well as sharpen the industry's competitive capabilities.

In 2015, Sembcorp Marine participated in several prominent local and overseas exhibitions, such as the Sea Asia and Gastech conferences in Singapore, the Nor-Shipping tradeshow in Norway, as well as the Cruise Shipping Miami exhibition and Houston-based Offshore Technology Conference (OTC) in the United States.

As a Singapore pavilion exhibitor at OTC and Nor-Shipping, Sembcorp Marine succeeded in raising awareness of the nation's offshore and marine sector by showing the Group's integrated global capabilities. In conjunction with these tradeshows, high profile networking functions were organised by the Group to connect with customers and partners as well as to share the latest developments in the company's transformation journey.

Sembcorp Marine actively champions industry promotion, capability building, knowledge sharing and networking programmes through collaborations with various industry

COMMUNITY DEVELOPMENT & INVOLVEMENT

partners. The Group has strong ties with stakeholders in diverse circles through its membership in the Association of Singapore Marine Industries (ASMI), Society of Naval Architects and Marine Engineers (Singapore), Singapore Business Federation and Singapore International Chamber of Commerce. It maintains close links with the Singapore Maritime Foundation (SMF) and the Singapore Shipping Association (SSA).

The Group also works with governmental organisations, such as the MPA, International Enterprise Singapore (IE Singapore), Economic Development Board (EDB), Ministry of Education, Ministry of Defence, Ministry of Manpower, National Environment Agency and SPRING Singapore, to enhance the nation's capabilities and competitiveness. In 2015, Sembcorp Marine hosted several visits by various government officials, including delegates from EDB and MPA.



09.

09. Exhibiting at international tradeshow to raise the profile of Sembcorp Marine and Singapore's offshore and marine industry

To promote closer links between Latin America and Asia, Sembcorp Marine was a strategic sponsor of IE Singapore's biennial Latin Asia Business Forum 2015, a conference platform that aims to foster trade, investments and thought leadership between both regions.

The Workplace Safety and Health (WSH) Council's national WSH campaign for raising standards of occupational safety and health in Singapore was another key initiative supported by the Group during the year.

To further the development of maritime law and arbitration, Sembcorp Marine sponsored the Singapore Chamber of Maritime Arbitration Conference and the Asian Maritime Law and Arbitration Conference organised by the Maritime Law Association of Singapore.

To reach out to youths, the Group is actively involved in ongoing outreach programmes organised by MPA and relevant industry associations to encourage students to embark on careers in the offshore and marine sector. It also collaborates with polytechnics, universities and vocational institutions to enhance competencies in student education, workforce training as well as Research & Development.

In 2015, Sembcorp Marine supported outreach events such as the MPA Maritime Heritage Exhibition and Maritime Learning Journeys programme during Singapore Maritime Week. The Group also supported the Amazing Maritime Challenge, an event co-organised by MPA and SMF with the support of ASMI and SSA, to generate greater public awareness of the sector. Close to 1,000 participants, including the Group's staff, engaged in educational games that deepened their knowledge of Singapore's maritime industry.



10.

10. Forging strong ties with government agencies

GRI INDEX

GLOBAL REPORTING INITIATIVE (GRI) G4 CORE CONTENT INDEX

GENERAL STANDARD DISCLOSURES			
Standard Disclosure	Standard Disclosure Title	Annual Report Sections	Page References
STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	Chairman and CEO's Statement	16 - 23
G4-2	Description of key impacts, risks, and opportunities	<ul style="list-style-type: none"> Chairman and CEO's Statement Risk Management 	16 - 23 98 - 101
ORGANISATIONAL PROFILE			
G4-3	Name of the organisation	Corporate Directory	63
G4-4	Primary brands, products, and/or services	Corporate Profile	Inside front cover
G4-5	Location of organisation's headquarters	Corporate Directory	63
G4-6	Number and names of countries where the organisation operates	Our Integrated Global Platform	3 - 5
G4-7	Nature of ownership and legal form	Corporate Directory	63
G4-8	Markets served	Our Integrated Global Platform	3 - 5
G4-9	Scale of the organisation	Corporate Profile	Inside front cover - 5
G4-10	Workforce statistics	Human Capital	114 - 125
G4-11	Percentage of total employees covered by collective bargaining agreements	Human Capital	114
G4-12	Description of organisation's supply chain	Sustaining Competitiveness	106 - 107
G4-13	Significant changes during the reporting period	Chairman and CEO's Statement	16 - 23
G4-14	Application of precautionary approach or principle	Approach to Sustainability	72 - 79
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	<ul style="list-style-type: none"> Our Integrated Global Platform Approach to Sustainability Corporate Governance Human Capital Workplace Safety & Health Environmental Focus Community Development & Involvement 	5 72 - 79 80 - 97 114 - 125 126 - 131 132 - 137 138 - 143
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations	<ul style="list-style-type: none"> Approach to Sustainability Community Development & Involvement 	72 138 - 141
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Coverage of entities in relation to organisation's consolidated financial statements or equivalent documents	<ul style="list-style-type: none"> Financial Statements Approach to Sustainability 	254 - 257 79
G4-18	Process for defining report content and Aspect Boundaries	Approach to Sustainability	72 - 79
G4-19	Material Aspects identified	Approach to Sustainability	74 - 77
G4-20	Aspect Boundaries within the organisation for each Material Aspect	<ul style="list-style-type: none"> Approach to Sustainability Sustaining Competitiveness 	74 - 77 106 - 107
G4-21	Aspect Boundaries outside the organisation for each Material Aspect	<ul style="list-style-type: none"> Approach to Sustainability Sustaining Competitiveness 	74 - 77 106 - 107

GRI INDEX

GENERAL STANDARD DISCLOSURES			
Standard Disclosure	Standard Disclosure Title	Annual Report Sections	Page References
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-22	Restatements	Environmental Focus <i>Direct energy carbon emission figures for 2013 and 2014 have been restated due to a historical calculation error for natural gas.</i>	133
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Approach to Sustainability	79
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organisation	Approach to Sustainability	78 - 79
G4-25	Basis for identification and selection of stakeholders with whom to engage	Approach to Sustainability	73 - 74, 77 - 79
G4-26	Organisation's approach to stakeholder engagement	Approach to Sustainability	72 - 79
G4-27	Key topics and concerns raised through stakeholder engagement	Approach to Sustainability	73 - 74, 78 - 79
REPORT PROFILE			
G4-28	Reporting period	Approach to Sustainability	79
G4-29	Date of most recent previous report	Semcorp Marine has published its sustainability report annually since 2011	79
G4-30	Reporting cycle	<ul style="list-style-type: none"> • Approach to Sustainability • Group Financial Review 	79 32 - 43
G4-31	Contact point for questions regarding the report or its contents	Approach to Sustainability	79
G4-32	'In accordance' option	Approach to Sustainability	79
G4-33	Policy and current practice with regard to seeking external assurance of the report	Approach to Sustainability	79
GOVERNANCE			
G4-34	Governance structure of the organisation	<ul style="list-style-type: none"> • Board of Directors • Senior Management • Corporate Governance 	48 - 53 54 - 61 80 - 97
ETHICS AND INTEGRITY			
G4-56	Organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Corporate Governance	80 - 97
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistle-blowing mechanisms or hotlines	<ul style="list-style-type: none"> • Corporate Governance • Risk Management 	80 - 97 98 - 101

SPECIFIC STANDARD DISCLOSURES			
Standard Disclosure	Standard Disclosure Title	Annual Report Sections	Page References
CATEGORY: ECONOMIC			
ASPECT: ECONOMIC PERFORMANCE			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> • Approach to Sustainability • Corporate Governance • Risk Management • Group Financial Review 	72 - 79 80 - 97 98 - 101 32 - 43
G4-EC1	Direct economic value generated and distributed	Group Financial Review	32 - 43
CATEGORY: ENVIRONMENTAL			
ASPECT: MATERIALS			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> • Approach to Sustainability • Risk Management • Environmental Focus 	72 - 79 98 - 101 132 - 137
G4-EN1	Materials used by weight or volume	Environmental Focus	135
ASPECT : ENERGY			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> • Approach to Sustainability • Risk Management • Environmental Focus 	72 - 79 98 - 101 132 - 137
G4-EN3	Energy consumption within the organisation	Environmental Focus	133
G4-EN6	Reduction of energy consumption	Environmental Focus	133
G4-EN7	Reductions in energy requirements of products and services	<ul style="list-style-type: none"> • Environmental Focus • Sustaining Competitiveness 	133 110 - 113
ASPECT: WATER			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> • Approach to Sustainability • Risk Management • Environmental Focus 	72 - 79 98 - 101 132 - 137
G4-EN8	Total water withdrawal by source	Environmental Focus	134
ASPECT: EMISSIONS			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> • Approach to Sustainability • Risk Management • Environmental Focus 	72 - 79 98 - 101 132 - 137
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environmental Focus	133
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environmental Focus	133
G4-EN19	Reduction of greenhouse gas (GHG) emissions	<ul style="list-style-type: none"> • Environmental Focus • Sustaining Competitiveness 	133 108 - 113
ASPECT: EFFLUENTS AND WASTE			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> • Approach to Sustainability • Risk Management • Environmental Focus 	72 - 79 98 - 101 132 - 137
G4-EN23	Total weight of waste by type and disposal method	Environmental Focus	135 - 136
G4-EN24	Total number and volume of significant spills	No significant spills took place during the reporting period	
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Environmental Focus	135 - 136
ASPECT: COMPLIANCE			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> • Approach to Sustainability • Risk Management • Environmental Focus 	72 - 79 98 - 101 132 - 137
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No significant fines or sanctions took place during the reporting period	

GRI INDEX

SPECIFIC STANDARD DISCLOSURES			
Standard Disclosure	Standard Disclosure Title	Annual Report Sections	Page References
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK			
ASPECT: EMPLOYMENT			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> Approach to Sustainability Human Capital Risk Management Corporate Governance 	72 - 79 114 - 125 98 - 101 80 - 97
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Human Capital	118
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Human Capital	122
ASPECT: OCCUPATIONAL HEALTH AND SAFETY			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> Approach to Sustainability Risk Management Workplace Safety & Health 	72 - 79 98 - 101 126 - 131
G4-LA5	Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programmes	<ul style="list-style-type: none"> Workplace Safety & Health Environmental Focus 	126 132
G4-LA6	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Workplace Safety & Health	127
G4-LA7	Workers with high incidence or high risk of diseases related to their occupations	Workplace Safety & Health	131
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Human Capital	114
ASPECT: TRAINING AND EDUCATION			
G4-DMA	Generic Disclosures on Management Approach	Human Capital	114 - 125
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Human Capital	118 - 120
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Human Capital	122
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Human Capital	122
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> Approach to Sustainability Human Capital 	72 - 79 114 - 125
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Human Capital	114 - 116
SUB-CATEGORY: HUMAN RIGHTS			
ASPECT: NON-DISCRIMINATION			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> Approach to Sustainability Human Capital 	72 - 79 114 - 125
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Human Capital	117
ASPECT: CHILD LABOUR			
G4-DMA	G4-DMA Generic Disclosures on Management Approach	<ul style="list-style-type: none"> Approach to Sustainability Human Capital 	72 - 79 114 - 125
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	<ul style="list-style-type: none"> Human Capital Sustaining Competitiveness 	117 104 - 107

SPECIFIC STANDARD DISCLOSURES			
Standard Disclosure	Standard Disclosure Title	Annual Report Sections	Page References
ASPECT: FORCED OR COMPULSORY LABOUR			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> Approach to Sustainability Human Capital 	72 - 79 114 - 125
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	<ul style="list-style-type: none"> Human Capital Sustaining Competitiveness 	117 104 - 107
SUB-CATEGORY: SOCIETY			
ASPECT: LOCAL COMMUNITIES			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> Approach to Sustainability Community Development & Involvement 	72 - 79 138 - 143
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	<ul style="list-style-type: none"> Community Development & Involvement Workplace Safety & Health 	138 - 143 128 - 131
G4-S02	Operations with significant actual and potential negative impacts on local communities	Environmental Focus	132 - 137
ASPECT: ANTI-CORRUPTION			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> Approach to Sustainability Risk Management 	72 - 79 98 - 101
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Risk Management	98 - 101
G4-S04	Communication and training on anti-corruption policies and procedures	Risk Management	100 - 101
G4-S05	Confirmed incidents of corruption and actions taken	Risk Management	101
ASPECT: ANTI-COMPETITIVE BEHAVIOUR			
G4-DMA	Generic Disclosures on Management Approach	Risk Management	98 - 101
G4-S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	No significant legal actions took place during the reporting period	
ASPECT: COMPLIANCE			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> Approach to Sustainability Risk Management 	72 - 79 98 - 101
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	\$115,000. Please refer to the Workplace Safety & Health section	127
SUB-CATEGORY: PRODUCT RESPONSIBILITY			
ASPECT: CUSTOMER HEALTH AND SAFETY			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> Approach to Sustainability Sustaining Competitiveness 	72 - 79 102, 108 - 111
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	<ul style="list-style-type: none"> Sustaining Competitiveness 	108, 110 - 111
ASPECT: PRODUCT AND SERVICE LABELLING			
G4-DMA	Generic Disclosures on Management Approach	<ul style="list-style-type: none"> Approach to Sustainability Sustaining Competitiveness 	72 - 79 110 - 111
G4-PR5	Results of surveys measuring customer satisfaction	Sustaining Competitiveness	102 - 104

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