

SUSTAINABILITY STATEMENT

INTRODUCTION

Welcome to the Group’s sustainability update for 2019. As we have highlighted in previous reports, we cover areas under the Environment, Society and Governance (“ESG”) framework for sustainability reporting. In this update, we will report on the Critical and Essential areas of our Materiality Matrix, which are discussed in this or other sections of the Annual Report.

MATERIAL ISSUES

Critical Areas	Covered under	ESG Areas
Safety	Health, Safety, Security, Environment & Quality (“HSSEQ”)	S
Ethical Operations	Statement on Risk Management and Internal Control	G
Environmental Impact	Environmental Management	E
Business Performance	Management Discussion & Analysis	
Essential Areas		
People	People	S
Operational Compliance	Operational Compliance	G





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MAKING A POSITIVE EES IMPACT

The Group also looks to link our long-term business strategy to have a positive Economic, Environment and/or Social (“EES”) impact in the areas or regions where we operate and several of these overlap with the areas covered by the material issues covered in this report.



ECONOMIC

- National Content Requirements
- JV companies and operations
- Shore-bases or operational offices around the world
- Training and development plans of employees



ENVIRONMENT

- Environmental management
- Meeting or exceeding the environmental compliance standards of ISO 14001 requirements
- CSR Activities



SOCIAL

- HSSEQ
- Communities
- CSR Activities

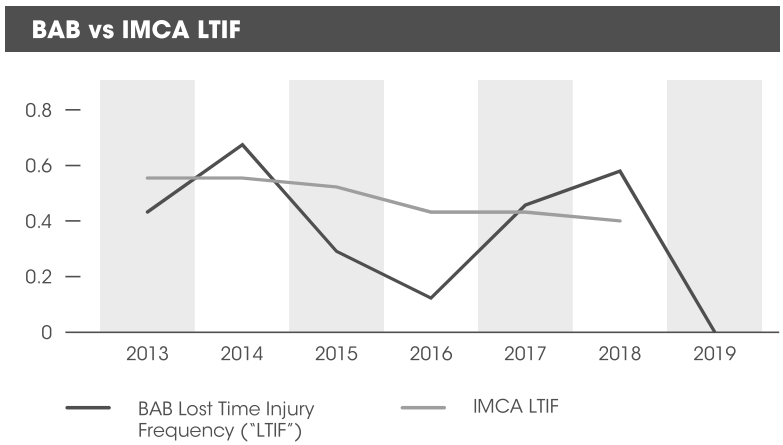
HSSEQ

The Group operates in offshore locations which means that our operations are exposed to risks, especially in the areas of HSSEQ, that need to be managed and mitigated. In this environment, we continuously instill a Safety Culture with behaviour and mindset that believe that all incidents are preventable and there is a zero tolerance for non-compliance to HSSEQ procedures. Our Corporate HSSEQ department acts as the governing body that monitors the compliance of the Group, against both internal, contractual and international standards.

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In 2019, we strengthened our HSSEQ governance by introducing the Corporate Health, Safety and Environment (“HSE”) Committee to encourage workers’ participation in decision making on HSE related matters. The committee consists of cross-departmental representatives to instil a proactive HSE mindset across the organisation, including but not limited to Business Operations, Human Resources, Administration and Insurance. The workers’ recommendations are then communicated to the BAB Management Team through our HSSEQ Governance Framework, which is part of our Business Management System (“BMS”). If deemed necessary, the workers’ recommendation can be escalated to our HSSEQ Management Team Committee, which is chaired by our Chief Executive Officer (“CEO”) and participated by key Management members with authorities to influence HSSEQ related decisions and actions across the Group.

The Group established the HSSEQ Strategy and Plan for the continuous improvement and mitigation of its HSSEQ risks to As Low As Reasonably Practicable (“ALARP”). To ensure we are aligned with the progression of international standards, we continue to be an active member of the International Maritime Organisation (“IMO”), International Marine Contractors Association (“IMCA”) and Oil Companies International Marine Forum (“OCIMF”) Floating Systems Group. Our involvement in these organisations enables the Group to have access to international practices and industrial and operational lessons learnt for on-going improvement initiatives.



The Group also evaluates its practices relating to the health and well-being of our employees through regular audits on occupational health management related procedures, including travel vaccination, ergonomics, lighting, noise, chemicals and hygiene conditions at work. This includes review of appointed medical centres, occupational and health management procedures, including Health Risk Assessment (“HRA”), pre-travel vaccination and monitoring of epidemiological situation in-country and overseas. Particular attention is given to prevention of non-communicable diseases and promotion of general health.

Corporate Policies

Governance policies are endorsed by the CEO and implemented throughout all levels of the Company. The policies have been adopted to ensure our key business objectives are achieved and set to a high standard of safety excellence. These include, amongst others:

- Asset Integrity Management Policy
- Corporate Major Accident Prevention Policy (“CMAPP”)
- Drug and Alcohol Policy
- Health, Safety, Security, Environment & Quality Management Policy
- Stop Work Policy
- Smoking Policy

Operational Compliance

To maintain our License-to-Operate, the Group is required to comply with various industry specific regulatory and operational standards in the countries where we operate. Our commitment to international standards is demonstrated through our certifications with the International Organisation for Standardisation (“ISO”), which is an independent, non-governmental international organisation that facilitates development of International Standards to ensure safe, reliable and good quality services and products. In Bumi Armada, the Group’s business operations are certified on the following standards:

- ISO 9001:2015 Quality Management System
- OHSAS 18001:2007 Occupational Health and Safety Management Systems
- ISO 14001:2015 Environmental Management System

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The ISO certifications reflect our commitment that all our assets and services meet the following international quality standards:

- Management of Engineering
- Engineering Design Consultancy
- Procurement, Construction, Commissioning and Operations of FPO
- Offshore Support/Transportation/Installation Vessels
- Offshore Pipelines/Structures for the Offshore and Marine Industry including Ship Management and Chartering Services

In addition, our vessels and operations are required to comply with various standards and regulations which need to be both documented and auditable by recognised certification and classification bodies.

These certification standards and codes are:

- ABS – American Bureau of Shipping
- BKI – Biro Klasifikasi Indonesia
- BV – Bureau Veritas
- DNV.GL – Det Norske Veritas
- IRS – Indian Register of Shipping
- ISM – International Safety Management
- ISPS – International Ship and Port Facility Security
- RMRS – Russian Maritime Register of Shipping
- SMS – Safety Management System
- SOLAS – International convention for Safety of Life at Sea
- VR – Vietnam Ship Register

The FPO vessels, in addition to the selected certifications listed above, such as the ISM and ISPS, must also meet certification requirements under the Mobile Offshore Drilling Unit (“MODU”) code for Floating Production Units.

In addition to the certification requirements of our operating assets, all of our assets or vessels under the FPO and OMS businesses must comply with the International Convention for the Prevention of Pollution from Ships (“MARPOL”), especially requirements under MARPOL-73/78. This is the environmental policy preventing pollution of the marine environment by ships from operations of accidental causes

set out by the IMO. MARPOL contains strict processes and limits that covers pollution to the marine environment from spillage, leakage, waste or other pollution.

At an operational level, we also strive to reduce our direct impact on the environment. One such initiative is to reduce the use of plastic water bottles in our offshore operations. We have initiated the trial use of filtered potable water dispensers on our OSV vessels, which will replace the supply of single use bottled water on our vessels. This will have a significant reduction of the use of plastic bottles from our offshore operations. This initiative will also be explored for our FPO operations to determine if a similar alternative can be implemented, while ensuring that the quality of clean drinkable water for our offshore crews are not compromised.

In 2019 several of the FPO operational and joint venture assets were awarded with the following accolades from United Kingdom (“UK”) British Safety Council (“BSC”):

- International Sword of Honor – Occupational Health and Safety
- International Safety Award – Occupational Health and Safety
- Five Star Process Safety Audit
- Four Star Occupational Health and Safety Audit

Health and Safety

In 2019, we continued to drive HSSEQ initiatives to instil positive behavior and mindset among our employees with the aim to elevate the maturity level of our HSE Culture. This includes:

- Management Inspection Visit (“MIV”) to Vessels
- Safety Observation Card (“SOC”) Recognition Campaign
- Fire Fighting and First Aid Training for Office
- FPSO Monthly HSE Video Sharing
- FPSO LTI Free Recognition Awards
- OMS HSSEQ Leadership Performance Awards
- OMS Supplier HSE Recognition Awards

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Through the Management Inspection Visits (“MIV”) to vessels, the Group has increased engagement with our offshore crew and support them in mitigating HSSEQ risks and issues, as well as preventive measures from lessons learnt raised from past incidents. The MIV also provides opportunities for offshore crew to share their feedback with the Management Team, as part of our effort to promote workers’ participation in HSSEQ.

COVID-19 Preventive Controls

On 31st December 2019, the World Health Organisation (“WHO”) China country office was informed of cases of an unknown pneumonia detected in Wuhan City, Hubei Province of China. It is later identified that the cases are caused by COVID-19. As the disease spread across the global community, on 31st January 2020, WHO declared COVID-19 as a Public Health Emergency of International Concern (“PHEIC”).

To proactively protect the health and safety of our people, Bumi Armada has initiated ongoing preventive controls based on recommendations from WHO, International SOS, U.S. Centers for Disease Control and Prevention (“CDC”) and Malaysian regulators, such as the Ministry of Health (“MOH”). Our preventive controls have been initiated since early January 2020 and include:

- 1 Imposing travel restrictions to affected countries based on recommendations from WHO, International SOS and local authorities;
- 2 Implementation of WHO standard recommendations to protect against COVID-19 across the fleet;
- 3 Enforcing temperature checks during crew change for our offshore operations and visitors to office premises;
- 4 Introduction of hand sanitisers at work sites (onshore and offshore);



- 5 Rollout of awareness campaign on Personal and Office Hygiene;
- 6 Implementation of COVID-19 Awareness Training to employees; and
- 7 Implementation of Bumi Armada COVID-19 Medical Emergency Guidelines to all our operations.

With the situation changing rapidly, Bumi Armada will continue to implement the necessary preventive controls in order to safeguard our people and minimise their risk exposure to this disease.

Embarking on Digital HSSEQ

To accelerate decision making on HSSEQ related matters, Corporate HSSEQ has embarked on the development of a Business Intelligence Dashboard for more in-depth analysis of the HSSEQ Performance Report. By leveraging

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on existing technologies and applications available to the Group, the consolidated data from Incident Register, HSSE Performance Reports and audit findings are being fed into the Business Intelligence software to enable more in-depth analysis, hence allowing prompt decision making to close HSSEQ gaps.

With more in-depth analysis, Corporate HSSEQ has established a Lesson Learnt Online Database; enabling the in-country team to share and imbed the lessons learnt into their existing processes, hence strengthening the HSSEQ controls in place.

With the aim to improve efficiency in action closures, Corporate HSSEQ has implemented a Mobile Safety Observation app, which has been piloted in Bumi Armada headquarters and selected OSVs in Malaysia. The app aims to improve the tracking of action closures, whilst improving operating efficiency by minimising the administrative data management effort.

ASEAN HSSE Loss Prevention and Professional Development Conference

Bumi Armada has the privilege to be a member of the HSSE Technical Committee ("HTC") for Malaysia Oil & Gas Services Council ("MOGSC")

to drive professional development of the HSSE community and further raise competency of the workforce in the industry. In 2019, the HTC organised the "ASEAN HSSE Loss Prevention and Professional Development Conference", where Bumi Armada has driven training on "Environment Management System in the Marine Industry". We will continue to collaborate with other members and partners in achieving the Council's vision and objectives for Occupational Safety.

In 2019, we recorded zero Lost Time Injury ("LTI") cases and are committed to drive continuous improvement initiatives in HSSEQ areas, including:

- Strengthening Risk Management Processes with workers' participation in HSSEQ; and
- Improving HSSEQ related standards and procedures.

	2015	2016	2017	2018	2019
Total Manhours (million) – Bumi Armada only	7.45	8.24	6.69	5.34	4.75
Leading Indicators (per 200,000 manhours)					
Safety Observation Frequency	902.2	598.8	686.0	812.2	988.0
Near Miss Reporting Frequency	1.7	1.2	3.6	3.7	3.8
Management Visit Ratio	4.8	8.3	3.0	3.5	4.8
HSSEQ Training Manhours	23,850	28,627	30,826	31,018	25,186
Lagging Indicators (per 1 million manhours)					
Lost Time Injury Frequency	0.3	0.1	0.5	0.6	0.0
Total Recordable Injury Frequency	2.3	0.7	1.1	0.9	1.5
First Aid Case Frequency	2.8	1.5	1.8	1.9	0.8

Process Safety

In line with industry standards, we measure and report Process Safety Event ("PSE") with Tier 1 as most significant. In 2019, we recorded zero Tier 1 and Tier 2 PSEs. Our Asset Integrity team continues to monitor and close out Management of Change ("MOC") to safeguard our operations and minimise the risks of any PSEs.

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SECURITY

In accordance to the Company policy, security risks to our personnel are managed through a diligent process of onsite Security Risk Assessments ("SRA"). Through this process, identified risks are subsequently mitigated with the implementation of bespoke procedures and robust physical controls. Based on our risk assessments, or as required by local laws, our security controls are further enhanced through stringent journey management with support provided by local security companies and, or Government Security Forces, in our operational environments which have been rated as 'High Risk'.

The success of this approach has seen the organisation completing operations securely throughout 2019.

ENVIRONMENT MANAGEMENT

As an organisation that operates in the offshore energy sector across more than 10 countries globally, we are committed to reduce the impact of our business on the environment. This include compliance with the requirements set by the IMO on marine pollution and local governing bodies of countries where we operate.

This objective aims at preventing and minimising the environmental impact from ships – both from normal or abnormal operations. Our focus area includes the reduction in Greenhouse Gas ("GHG") emission across our operations.

Spill Management

In 2019, we recorded 3 cases of spills released to sea by our FPSO fleet that were below one barrel. The Group shall continue to strive for its goal in Zero Oil Spill to the Sea with continuous improvement from lessons learnt.

GHG Reduction

In line with our long-term ambitions, we are committed to reducing the carbon footprint of our offshore operations, as well as onshore worksites. In 2019, we observed an increase in our Scope 1 GHG emissions as compared to 2018, which was mainly due to a temporary increase in crude oil used on one of our FPO units. There was also an increase in bunker fuel consumption, which was mainly a result of the increase in OSV fleet activities in 2019.

	2014	2015	2016	2017	2018	2019
Environment						
Spill (Contained onboard)	5.0	5.0	6.0	10.0	12.0	16.0
Spills Released to Sea (Number)	4.0	0.0	0.0	0.0	2.0	3.0
Greenhouse Gas Emissions (GHGs)						
Scope 1 (‘000 tonnes CO ₂ equivalent)	540.0	540.0	497.0	484.0	595.8	790.9
Scope 2 (‘000 tonnes CO ₂ equivalent)	1.0	0.9	0.7	0.7	0.6	0.5
Bunker Fuel Consumption (Million litres)	139.0	96.0	67.0	58.0	41.6	85.8
Electricity Consumption (MWh)	1,489.0	1,425.0	1,016.0	1,101.0	902.6	762.3
Water Consumption - Vessels (thousand m ³)	142.0	126.0	114.0	133.0	119.3	165.4

Notes:

- Both cases of Spills Released to Sea (Number) recorded in 2018 are less than a barrel.
- Scope 1 (‘000 tonnes CO₂ equivalent) is based on consumption of bunker fuel, fuel gas and crude oil.
- Scope 2 (‘000 tonnes CO₂ equivalent) is based on electricity consumption from offices in Astrakhan, Indonesia, Malaysia, and Singapore.

The Group did not incur any fines or penalties in relation to spills or environmental pollution in 2019.



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Environment Awareness Campaign

We continue to protect the environment while operating in a responsible manner. In 2019, Bumi Armada launched a series of initiatives during our "Environment Week Campaign" across our organisation with the theme #BeatPollution. In this year's campaign, we have conducted a series of internal initiatives to elevate environment knowledge and awareness among our employees, including training sessions on:

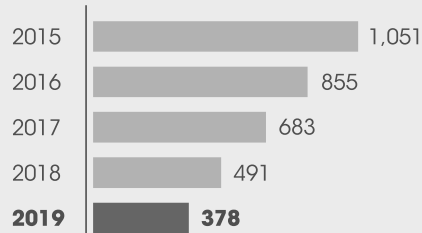
- Introduction of MARPOL and regulatory updates;
- An Overview of Environmental Management System;
- Marine Pollution Prevention Requirements for the OMS industry;
- Environmental Compliance - What it looks like on the United Kingdom Continental Shelf ("UKCS"); and
- Plastic Pollution - Briefing by the World Wildlife Fund (Malaysia).

Corporate HSSEQ will continue to drive the Environment Week campaign, as part of our continuous effort to raise awareness and improve effectiveness of the controls in place.

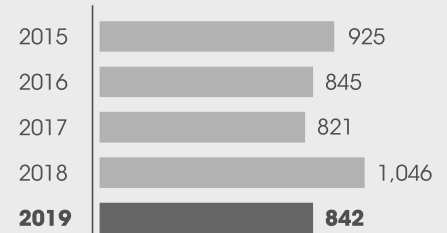
PEOPLE

Total Employee Numbers

Onshore



Offshore



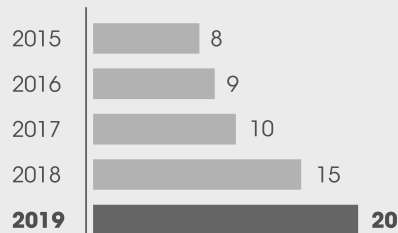
Onshore Local Staff Percentage (%)



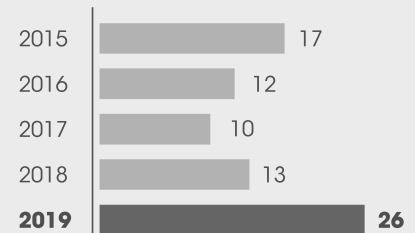
Onshore Female Staff Percentage (%)



Training Hours Per Employee



Voluntary Attrition Rates (%)



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Our People

Bumi Armada continues to embrace diversity by building teams of people from different backgrounds, nationalities, skills and experiences across the globe to create sustainable value for the organisation. The Group believes in creating career opportunities for the local people where it operates. Bumi Armada believes in inclusiveness at the workplace where everyone feels valued and heard. This is clearly reflected in our Employee Handbook, in which all employees of the Group are bound by the terms and conditions which state the responsibilities of the employee, as well as the Group's responsibilities to its employees. Within the Employee Handbook, the Group highlights its equal opportunities and diversity standards in hiring and working with people, as well as the expected behaviour of employees towards all other employees regardless of their sex, race, colour, nationality, religion or any other factor.

Employee Rights

The Group's employment policy is governed by various national requirements and regulations, based on the location of the role. In Malaysia, employees are covered by the regulations set out under the Malaysian Employment Act, which covers the rights of employees and the Group is guided by the Malaysian Employers' Federation. In other countries where the Group operates, our employees in those locations will be covered by the regulations governing employee rights in those jurisdictions.

People Engagement, Health and Wellness

The Group actively focuses on engaging with its people, promoting employee well-being and fitness and health in the workplace. The "B Fit Club" is the Group's Sports Club, which take the lead in organising various sports, recreational and fun packed activities for our employees, encouraging team engagements and other activities to encourage employee participation in health and wellness. In addition, the Group also subsidises gym membership for the employees.

Code of Business Conduct ("the Code")

The Code outlines the professional standards of behaviour expected by all employees of the Group in the execution of their day to day business activities. It covers all areas of compliance, business integrity as well as covering the legal implications regarding illegal payments, gifts or entertainment. The Group has a zero-tolerance policy for any corrupt practices and all employees are required to acknowledge their compliance with the Code.

While the Code covers the Group's expected business behaviour internally, we also expect a similar standard of ethics covering all these areas of behaviour, including human rights and relevant labour laws from our business partners and suppliers, which are required to abide by the standards laid out in the Code.

There were no incidents of any employee being disciplined for behaviour or actions in violation of the Code in 2019.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group's CSR initiatives continue to support various charitable organisations and activities that either mitigate our impact on the environment or have a positive impact on society, with the aim of benefitting areas that are close to our operations.

2019 marked the ending of our long-term agreements with the Forest Research Institute of Malaysia ("FRIM") and the Cherating Turtle Sanctuary ("CTS"). FRIM is not only an important "carbon sink" outside Kuala Lumpur, but also supports tree planting activities within the reserve area as well as sustainable tree and plant management. The CTS, supported by the Fisheries Department of Malaysia, has been working since 1972 to protect and increase the population of South-East Asian sea turtles at their hatchery. The CTS is located near our offshore operating base in Kemaman, Terengganu.

In 2020, we will renew our support for both these organisations, which work to offset some of the Group's carbon footprint and the impact on the marine environment, respectively. More importantly, these organisations also work with schools to educate the younger generations on the importance of cultivating positive behaviour to protect the future of two key areas of the environment.

During the year, the head office in Kuala Lumpur once again co-operated with Rise Against Hunger ("RAH") to sponsor and pack 50,000 ready meals. In the past, RAH has distributed these pre-packed meals to regions that have been affected by natural or other disasters. In 2019, RAH worked with Teach for Malaysia

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to focus on providing meals to children of low-income families around Kuala Lumpur, in line with the Malaysian Government’s Supplemental Food Plan (“RMT”) programme for poor students. The aim of the programme is to provide higher nutritional meals to poorer students to increase their physical and mental growth to enhance their ability to excel in school.

International Offices




Our international offices, despite a reduction in budgets, continued to undertake some meaningful CSR activities at their locations. In Aberdeen, employees were active in independent activities such as bake sales and personal donations to support local children in need and continued to contribute to Cash for Kids, which the staff have done for a number of years.

In Indonesia, the office was once again involved with the “Clean Beach Campaign”, working with local schools and representatives of the client to remove plastic and other rubbish on the beaches of Madura island and also to educate the schools and local communities on the benefits of looking after the local environment.





STAKEHOLDER ENGAGEMENT

Through the year, the Group actively engages with various stakeholder groups and these engagements occur at various times, levels and across different parts of the organisation, depending on the topic of discussion or the parties involved. These may vary from meetings with potential equity investors, suppliers of specific equipment on one of our vessels, through to meeting with auditors or representatives of our certification bodies.

Below is a selection of some of the types of interactions with various groups of stakeholders held during 2019. The interactions are not limited to those provided in the list.

Stakeholder Group	Engagement	Examples of Engagement
 Shareholders & Financial Community	Regular	<ul style="list-style-type: none"> • 1-on-1 & Group meetings • Conference calls • Quarterly results briefings • AGM
 Employees	Regular	<ul style="list-style-type: none"> • Townhalls • Management facility visits • HSSEQ • Performance appraisals • New employee inductions
 Regulators & Government Agencies	As required	<ul style="list-style-type: none"> • Formal engagement or dialogues • Certification/Compliance reviews/audits • Regulatory training • Safety audits

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Stakeholder Group	Engagement	Examples of Engagement
 Clients & Business Associates	Regular	<ul style="list-style-type: none"> Operational reviews New business/pre-qualification discussion Know Your Customer reviews/updates Conferences
 Suppliers & Contractors	Regular	<ul style="list-style-type: none"> Lesson learnt and feedback Safety audits or reviews Compliance reviews
 Community	As required	<ul style="list-style-type: none"> Local partnerships Local content reviews/audits Community support CSR activities
 Media & External Parties	Regular	<ul style="list-style-type: none"> Quarterly results announcements Corporate updates/announcements

TOP 5 STAKEHOLDER CONCERNS IN 2019

Area of Concern	Explanation/Response
Refinancing of Corporate Debt	This was addressed with announcement on 6 May 2019 for the new Term Loan facility of USD660.0 million.
Performance of Armada Kraken	Since Q1 2019, there have been marked improvements in the performance of the Armada Kraken, which have been confirmed by EnQuest PLC's public disclosures.
New contracts for SC sub-segment's Caspian Sea vessels	Despite tendering for various projects in the Caspian Sea, the Group was unable to secure new contracts for the Armada Installer or the Armada Constructor in 2019.
Outcome of Woodside Litigation case	As per the Company's announcement on 28 January 2020, the Supreme Court of Western Australia ruled in favour of Woodside Energy Julimar Pty Ltd. The Company filed an appeal against the Supreme Court's decision at the Court of Appeal on 11 March 2020.
Financial performance for FY2019	Over the course of 2019, the FPO business showed stable results on the back of stable operations from our FPO fleet. The OMS business performance was mixed, with an improvement in the OSV sub-segment, but negatively, a lack of contracts for the SC vessels in the Caspian Sea.



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The United Nations' Sustainable Development Goals

The United Nations ("UN") has identified 17 Sustainable Development Goals ("SDGs") to tackle the world's biggest sustainability challenges, which include ending poverty, improving health and education, making cities sustainable and tackling climate change.

We have identified four of the UN's 17 SDGs that the Group is involved in directly, and three that our CSR efforts contribute to.

The SDGs that the Group is involved in:



SDG 3 - Good Health and Well-Being

As a responsible organisation, and as discussed earlier in this report under the People section, we encourage our employees to be healthy and provide numerous ways for our staff to improve their well-being.

SDG 8 - Decent Work and Economic Growth

The Group benchmarks its employee remuneration to national, industry and experience standards, sources new talent both locally and internationally depending on specific requirements and availability. In addition, we always look to promote talent within the organisation.



SDG 5 - Gender Equality and SDG 10 - Reduced Inequalities

The Group is an equal opportunities employer and our equal opportunities and diversity standards have been mentioned in the People section under our Employee Handbook. The Group not only hires without prejudice, but equally, has strict standards of behaviour of employees towards all other employees, regardless of their sex, race, colour, nationality, religion or any other factor.



SDG 2 - Zero Hunger, SDG 13 - Climate Action and SDG 14 - Life Below Water

Under our CSR initiatives and collaborations covered in the CSR section, the Group contributes to three goals; Zero Hunger, Climate Action and Life Below Water via Rise Against Hunger, Forest Research Institute of Malaysia and the Cherating Turtle Sanctuary respectively. While the impact of our collaborations may not be significant, we believe that we need to start with small steps and work to build a larger positive foot-print going forward.