

SUSTAINABILITY STATEMENT

Introduction

Welcome to the Group's Sustainability Statement for 2018. This report will update the reader on the key areas with regards to Bumi Armada's approach to safety, society and the environment, that the Group monitors and reports on. It also covers the key Corporate Social Responsibility ("CSR") initiatives undertaken by the Group, as part of our commitment to maintain a sustainable environment in the regions in which we operate.



OPERATING IN A HIGHLY REGULATED INDUSTRY

Bumi Armada is the owner and operator of various vessels, that cover the offshore Oil and Gas ("O&G") services life cycle. The industry is highly regulated with requirements for annual independent audits to be conducted for all of our operations in order to be in compliance to in-country laws and industrial standards where HSSEQ is a key focus. The scope of such "License-to-Operate" requirements span from the condition of our assets to our operating procedures, both offshore and at our onshore work sites.

For this reason, failure to meet the various regulatory and certification requirements can be punitive, including the disqualification or "black-listing" of the asset and/or operations. Our aim is to operate within, or better than, the necessary "License-to-Operate" requirements. This includes in-country laws, regulations and compliance requirements set by our clients, including meeting the relevant ISO requirements.

BAB remains a component member of the FTSE4Good Index.



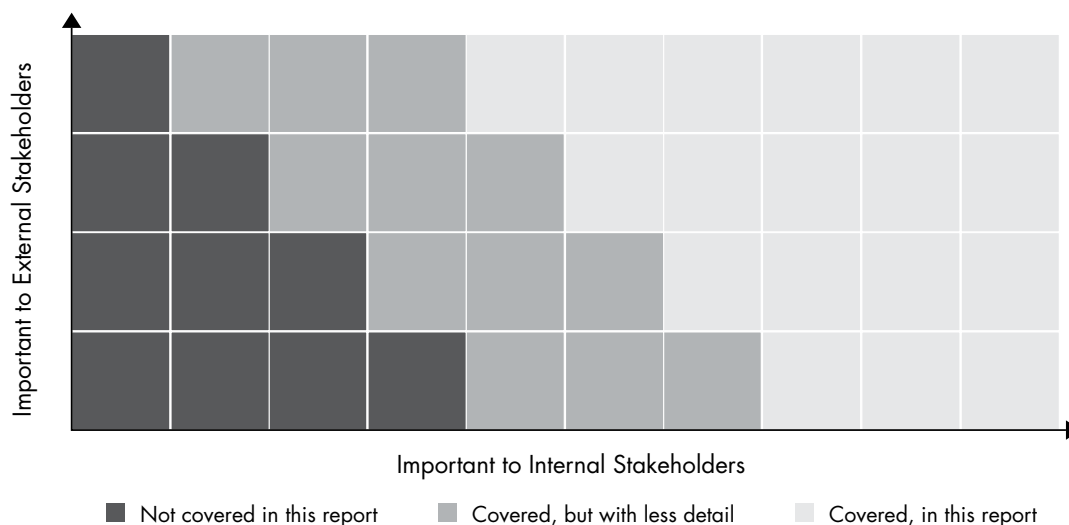
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Full Certification List

STANDARDS & QUALITY CERTIFICATIONS

- ISO 9001: 2015 ("Quality Management System")
- ISO 14001: 2015 ("Environmental Management System")
- OHSAS 18001: 2007 ("Occupational Health and Safety Management System")
- International Safety Management ("ISM")
- International Ship and Port Facility Security ("ISPS")
- Safety Management System ("SMS")
- Mobile Offshore Drilling Unit Code ("MODU")

The critical areas that drive the Group's ability to operate in the offshore O&G sector are also the key areas that make up our top materiality issues, within the Group Materiality Matrix.



The Critical Material Issues referred to in the Group Materiality Matrix can be found within the Material Issues table below.

MATERIAL ISSUES

Critical Material Issues	Addressed by:
Safety	Health, Safety, Security, Environment and Quality ("HSSEQ")
Ethical Operations	Statement of Risk Management and Internal Control
Environmental Impact	Environment Management
Business Performance	Management Discussion & Analysis
People	People
Operational Compliance	Operational Compliance

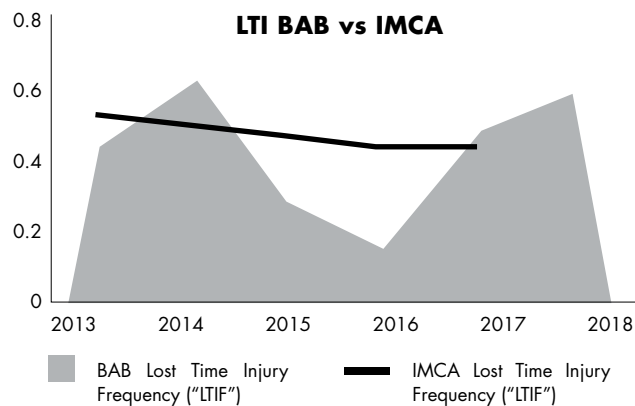
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HEALTH, SAFETY, SECURITY, ENVIRONMENT AND QUALITY

As the Group operates on a daily basis in offshore locations, we are subject to risks, especially in the areas of HSSEQ, that need to be managed and mitigated. In this environment, we continuously instil a Safety Culture behaviour and mindset that adheres to zero tolerance for unsafe acts, unsafe conditions, as well as 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.

In 2018, we introduced the HSSEQ Management Team Committee in order to strengthen HSSEQ governance across the Group, along with performance standards and other controls. The committee is chaired by our CEO and includes key Management Team members with the authority to influence HSSEQ related decisions and actions across the Group.

Under the HSSEQ requirements, the Group is required to report its performances and establish a HSSEQ Strategy and Plan for 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") and International Marine Contractors Association ("IMCA"), and leverage on international practices and industrial lessons learnt for ongoing improvement initiatives.



The Group also evaluates its practices related to the health and well-being of our employees through regular audits on the relevant applicable procedures, including travel vaccination, ergonomics, lighting, noise and hygiene conditions at work. This includes a review of appointed medical centres, health management procedures, including health risk assessment, pre-travel vaccination and monitoring epidemiological situations in-country and overseas. Particular attention is given to the prevention of non-communicable diseases and promotion of general health.

Corporate Policies

Governance policies are in place to ensure we live up to the HSSEQ standards set for the organisation. These include, amongst others:

- Asset Integrity Management Policy
- Corporate Major Accident Prevention Policy ("CMAPP")
- Drug and Alcohol Policy
- Health, Safety & Environmental Protection Policy
- Policy on the Wearing of Personal Protective Equipment
- Security Policy
- Stop Work Policy
- Smoking Policy
- Quality Management Policy

Certification by Recognised Bodies

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

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



The ISO certifications reflect our commitment to ensure we maintain high quality assets and services in the following areas:

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

Personal Safety

In 2018, we continued to drive HSSEQ initiatives to instill positive behavior and mindset among our employees with the aim to enhance our HSE Culture. These included:

- Company-wide safety stand down for reflection of lessons learned from the Piper Alpha incident;
- Monthly FPO HSE video sharing;

- FPO LTI-Free Recognition Awards;
- OMS HSSEQ Leadership Performance Awards; and
- OMS Supplier HSE Recognition Awards.

Coupled with commitments from our Leadership Team on conducting management visits to site, we observed improvements in proactive reporting of Safety Observation Frequencies and Near Miss Reporting Frequencies.

Regretfully, in 2018, we recorded two LTI cases in OMS, where a crew member was injured during an anchor handling activity; and a third-party contractor was injured during extreme weather condition resulting in the collapse of the jetty where our vessel was moored. For FPO, a Lost Workday case involving a slip and trip incident was recorded. We are committed to learn from these cases and further strengthen our controls to prevent recurrence.

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Year	2014	2015	2016	2017	2018
Leading Indicators (per 200,000 manhours)					
Safety Observation Frequency	720.8	902.2	598.8	686.0	812.2
Near Miss Reporting Frequency	1.7	1.7	1.2	3.6	3.7
Management Visit Ratio	5.8	4.8	8.3	3.0	3.5
Lagging Indicators (per 1 million manhours)					
Lost Time Injury Frequency	0.7	0.3	0.1	0.5	0.6
Total Recordable Injury Frequency	1.6	2.3	0.7	1.1	0.9
First Aid Case Frequency	2.8	2.8	1.5	1.8	1.9



Process Safety

In line with industrial standards, we measure and report Process Safety Event (PSE) with Tier 1 as most significant. In 2018, we have recorded five Tier 1 PSEs and two Tier 2 PSEs. Based on our key findings, we continue to work closely with our asset integrity team to prevent reoccurrence across our fleet.

Security

In accordance to the Company policy, security risks to our personnel are being 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 the engagement and 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 2018.

ENVIRONMENTAL MANAGEMENT

As an organisation that operates in the offshore energy sector across 10 countries globally, we are committed to reducing the impact of our business on the environment. This includes compliance with the requirements set by the IMO on marine pollution.

This objective aims to prevent and minimise the pollution from ships – both incident related or from normal operations. Our focus areas includes the reduction of greenhouse gas ("GHG") emissions across our operations.

Spill Management

In 2018, we committed to achieve "Zero Oil Spill to the Sea". We have recorded two cases of spills released to sea by our FPSO fleet that was less than one barrel. The Group will continue to strive for its goal of "Zero Oil Spill to the Sea" with continuous improvements from lessons learnt.

Greenhouse Gas Reduction

In line with our long term ambition, we are committed to reducing the carbon footprint of our offshore operations, as well as onshore worksite. In 2018, we observed an increase in GHG emissions as compared to 2017, which were due to the growth of our operating fleet. To drive continuous improvement, we have focused on reducing our GHG emissions by improving our operational control.

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	2014	2015	2016	2017	2018
Environment					
Spill (Contained onboard)	5.0	5.0	6.0	10.0	12.0
Spills Released to Sea (Number)*	4.0	0.0	0.0	0.0	2.0
Greenhouse Gas Emissions (GHGs)					
Scope 1 ('000 tonnes CO ₂ equivalent)	540.0	540.0	497.0	484.0	595.8
Scope 2 ('000 tonnes CO ₂ equivalent)	1.0	0.9	0.7	0.7	0.6
Bunker Fuel Consumption (Million litres)	139.0	96.0	67.0	58.0	41.6
Electricity Consumption (MWh)	1489.0	1425.0	1016.0	1101.0	902.6
Water Consumption - Vessels (thousand m ³)	142.0	126.0	114.0	133.0	119.3

Note:

* 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 Russia, Indonesia, Malaysia, and Singapore

Environmental Awareness Campaign

We seek to maintain a strong belief in protecting the environment while operating in a responsible manner. In 2018, Bumi Armada launched a series of initiatives during our "Environment Week Campaign" across our organisation. The campaign included industrial training by Institute of Marine Engineers, Science and Technology on "Marine Pollution Preparedness and Response" and a series of internal initiatives to elevate environmental knowledge and awareness amongst our employees.

PEOPLE

The Group remains committed to providing an environment for our employees to develop and excel. While the Group works across multiple countries, we look to employ local talent as this provides local knowledge and capability, which is critical in countries where local content requirements are required.

Code of Business Conduct and Ethics

The Group's Code of Business Conduct and Ethics ("the Code") outlines professional and behavioural standards that all employees are expected to adhere to. It covers

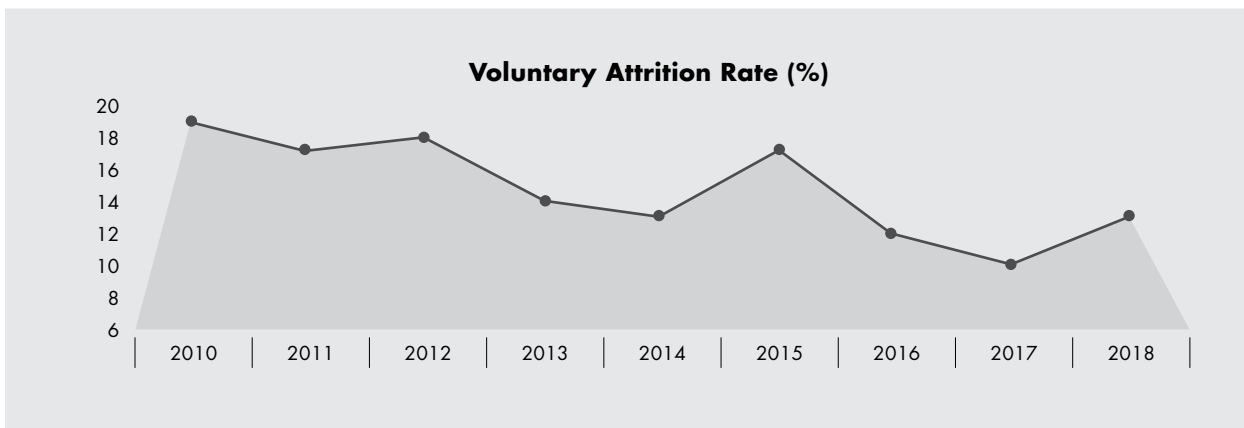
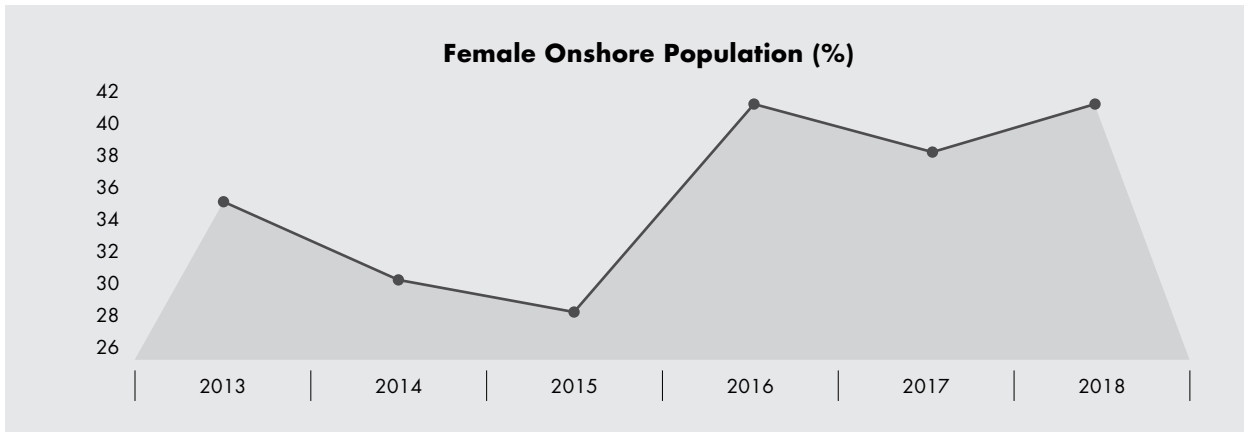
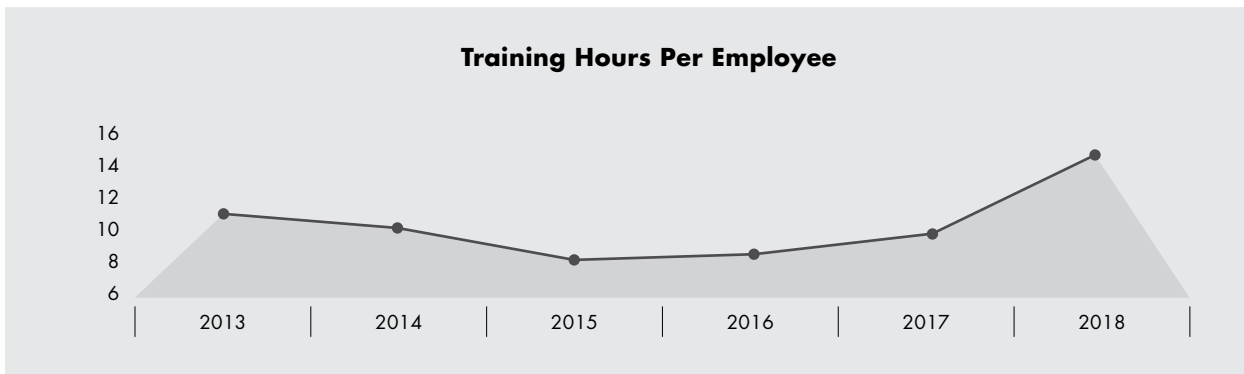
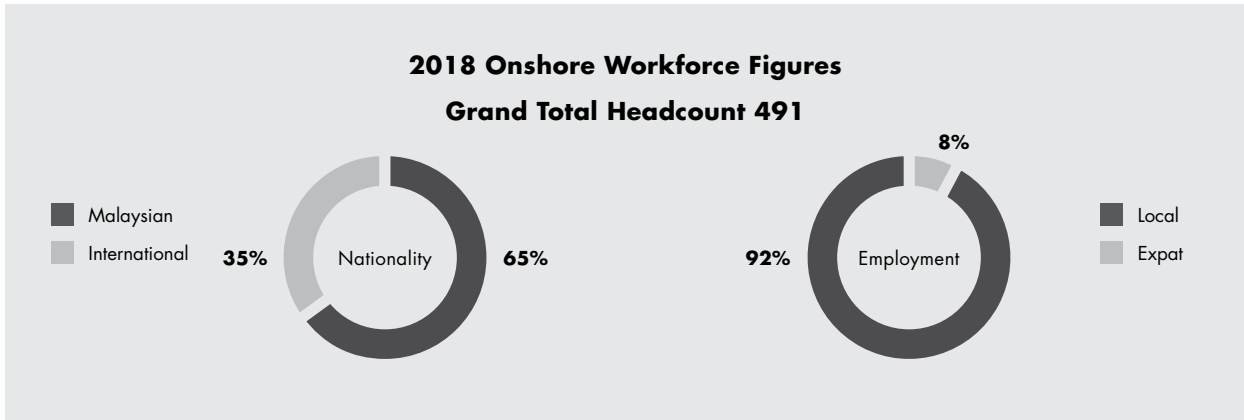
legal compliance, integrity in business dealings, illegal payments, gifts and entertainment. The Group has a policy of zero tolerance for any corrupt practices. All employees are required to acknowledge their compliance with the Code which highlights amongst others, child labour and minimum wages.

The Code governs our behaviour within the organisation, and the Group expects a similar level of ethical standards from our business associates. Our suppliers are also required to abide by the standards laid out in the Code.

Human Rights & Diversity

The Group's human resource activities are based on a strong adherence to equal opportunities, to attract the best talent across gender and culture. Our Employee Handbook states clearly "Employment decisions are based on merit and business needs, and not on race, colour, citizenship status, national origin, ancestry, gender, sexual orientation, age, weight, religion, creed, physical disability, marital status, veteran status, political affiliation, or any other factor protected by law. Wherever possible we will endeavour to reflect a country's diversity in our staff strength."

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OPERATIONAL COMPLIANCE

Compliance to Vessel Classification and Certification

In addition to our commitment to ISO certifications, the Group's vessels are also in compliance to international marine regulations and codes, including the following:

- International Safety Management ("ISM");
- International Ship and Port Facility Security ("ISPS"); and
- Safety Management System ("SMS").

The FPO business, while covered by the ISM and the ISPS codes, is also required to comply to the MODU Code, which covers requirements for Floating Production Units.

The Group is dedicated to ensure we remain in full compliance with all of these certificates, including requirements on integrity, operational condition and specifications of assets.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group's CSR programme is run by a committee of volunteer employees (the "CSR Committee") which looks to support various charitable organisations to mitigate our impact on the environment and have a positive impact on society and communities.

We look to provide long-term support to initiatives and organisations that enhance the marine environment or help to offset the Carbon Footprint from our businesses. All the Corporate CSR activities are selected based on benefits that will bring a positive impact to regions that are close to our operations.

We continue to be a long-term supporter of the Cherating Turtle Sanctuary ("CTS") in Kemaman, Malaysia. The CTS works to study and increase the population of Asian sea turtles via their hatchery and "tag and release programmes". They also run education programmes for schools and communities in the area on protecting sea turtles, especially turtle eggs, which are often seen as a culinary delicacy in the region.

The Group also continues to support the Biosphere Foundation ("Biosphere"), which undertakes marine conservation activities near the Madura Island in Indonesia. Biosphere operates a programme of coral reef protection, rehabilitation as well as education programmes in the local schools.

We continue to support the Forest Research Institute of Malaysia ("FRIM") under a programme that sponsors tree planting and educational activities that support GHG reduction activities and awareness.

Society

The CSR Committee also looks to provide support to other social areas not covered directly by the Group. Under our social initiatives, we cover a series of areas ranging from education, local community support and disaster relief. In 2018, some of the main initiatives supported were:

Malaysia

- Rise Against Hunger, which provides disaster relief packed meals, which are distributed in areas that are struggling from natural or other disasters
- Charity event to raise funds and non-financial donations for the Lotus orphanage and old-age home
- Blood donation drive with Malaysia's National Blood Centre

United Kingdom

- Cash for Kids, which is a charity event to raise funds for the October 2018 Coat Appeal
- Pound for Piper, a charity event organised by Graeme Webster in commemoration of the 167 people who lost their lives in the 1988 Piper Alpha disaster in the North Sea
- Northsound Cash for Kids "Big Bake Day", which benefits local children and young people, alleviating disability, illness and improving quality of life

Indonesia

- PT. Armada Gema Nusantara ("AGN") in collaboration with Dharma Camplong Elementary School students held a "Clean Beach Campaign". The campaign's main objectives were to:
 1. Communicate the importance of keeping the beach clean and educate locals on how it benefits the community in Camplong, Sampang Regency, Madura
 2. Demonstrate AGN's commitment to working together with the local community for mutual welfare