

SUSTAINABILITY STATEMENT

Sustainability refers to the link between an organisation’s long-term strategy and its plans to ensure that it not only limits its operational impact, but where possible, has a positive effect on the Economic, Environmental or Social (“EES”) situation where it operates.




As an international provider of offshore production and support services around the world, our business touches all of the EES areas, not only in how we aspire to build our corporate culture through our Core Values, but also as an organisation that operates in a highly regulated industry.

In addition, via our Corporate Social Responsibility (“CSR”) initiatives, we support EES areas which directly relate to both our local and international businesses and operations.

Our efforts to manage our Sustainability responsibilities in 2017 have continued to be recognised with the Group’s inclusion in the FTSE4Good Bursa Malaysia Index, the Morgan Stanley Composite Index (“MSCI”) Global Sustainability Index and the Dow Jones Sustainability Emerging Market Index.

Areas that our business interrelates with the Sustainability areas:

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ECONOMIC	ENVIRONMENT	SOCIETY
 <ul style="list-style-type: none"> Local content requirements JV ownership and operations Shore bases or offices in overseas locations Employment and development of local resources 	 <ul style="list-style-type: none"> Environment, GHG and carbon capture CSR activities 	 <ul style="list-style-type: none"> HSSEQ People and Society CSR activities

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KEY MATERIAL ISSUES

Materiality evaluates long-term areas of risks and concerns that could have an impact on the business from both an internal and external stakeholder perspective. These are then rated from Critical down to Moderate and then Normal impact.

At Bumi Armada, the material issues are closely related to our core values, SURE, as these values and behaviours are what we look to build into our Corporate Mission, to deliver our Vision “To be the preferred provider of offshore production and support services to our clients”.

Critical Material Issues	Addressed by:
Safety	Health, Safety, Security, Environment and Quality (“HSSEQ”)
Ethical Operations	Corporate Governance
Environmental Impact	Our Impact on the Environment
Business Performance	Management Discussion and Analysis
Moderate Material Issues	Addressed by:
People	People & Society
Operational Compliance	Operational Compliance

HEALTH, SAFETY, SECURITY, ENVIRONMENT AND QUALITY AT BUMI ARMADA

As we work in the offshore environment, we are regulated by various bodies that ensure asset and operational compliance and capability. Two of the main bodies that monitor performance across this sector are the International Maritime Organisation (“IMO”) and the International Marine Contractors Association (“IMCA”), and they provide industry wide benchmarks on an annual basis, for companies such as us to monitor our performances against.

Certification by Recognised Bodies

In addition, we are required to comply with various regulatory and operational minimum standards. These certification bodies audit the operations of the business in the areas covered by the policy to ensure minimum standards and best practices are used by the organisation. The Group’s business operations are certified by the following recognised bodies:

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

The following areas of the business are covered under these certifications:

- Management of Engineering;
- Engineering, Design, Consultancy;
- Procurement, Construction, Commissioning and Operations of F(P)SO;
- Offshore Support/ Transportation/ Installation Vessels; and
- Offshore Pipelines/ Structures for the Offshores and Marine Industries including Ship Management and Chartering Services.

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Compliance to Vessel Classification and Certification

At an operational level, each vessel is required to comply to standards and requirements documented by certification and classification bodies. Our vessels cannot operate if there is non-compliance or certification that has expired.

These certification codes are:

- ISM – International Safety Management
- ISPS – International Ship and Port Facility Security
- SMS – Safety Management System
- RINA – Registro Italiano Navale
- RMRS – Russian Maritime Register of Shipping
- ABS – American Bureau of Shipping
- BKI – Biro Klasifikasi Indonesia

OMS Vessels	Region	ISM	ISPS
Armada Constructor	Caspian	RINA Class	
Armada Firman	Asia	YES	YES
Armada Firman 2	Asia	YES	YES
Armada Firman 3	South America	Vessel complies to 3 rd party SMS	
Armada Hibiscus	West Africa	Vessel complies to 3 rd party SMS	
Armada Iman	Asia	YES	YES
Armada Installer	Caspian	RMRS Class	
Armada KP1	Caspian	ABS and BKI Class	
Armada Mutiara 2	Asia	Vessel complies to BAN SMS	
Armada Mutiara 3	Asia	Vessel complies to BAN SMS	
Armada Mutiara 4	Asia	Vessel complies to BAN SMS	
Armada Salman	Asia	YES	YES
Armada Tuah 6	Asia	YES	YES
Armada Tugas 4	West Africa	Vessel complies to BAN SMS	
Armada Tuah 8	Asia	Vessel complies to 3 rd party SMS	
Armada Tuah 21	Asia	YES	YES
Armada Tuah 23	Asia	YES	YES
Armada Tuah 24	Asia	YES	YES
Armada Tuah 25	Asia	YES	YES
Armada Tuah 26	Asia	YES	YES
Armada Tuah 80	Asia	YES	YES
Armada Tuah 81	West Africa	YES	YES
Armada Tuah 82	West Africa	YES	YES
Armada Tuah 83	West Africa	YES	YES
Armada Tuah 84	South America	Vessel complies to 3 rd party SMS	
Armada Tuah 85	South America	Vessel complies to 3 rd party SMS	
Armada Tuah 100	Asia	YES	YES
Armada Tuah 101	West Africa	YES	YES

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OMS Vessels	Region	ISM	ISPS
Armada Tuah 102	West Africa	YES	YES
Armada Tuah 104	South America	YES	YES
Armada Tuah 105	West Africa	YES	YES
Armada Tuah 107	South America	YES	YES
Armada Tuah 108	West Africa	YES	YES
Armada Tuah 300	Asia	YES	YES
Armada Tuah 301	South America	YES	YES
Armada Tuah 302	West Africa	YES	YES
Armada Tuah 303	Asia	YES	YES
Armada Tuah 304	Asia	YES	YES
Armada Tuah 305	Asia	YES	YES
Armada Tuah 306	West Africa	YES	YES
Armada Tuah 307	West Africa	YES	YES
Armada Tuah 308	Asia	YES	YES
Armada Tuah 500	West Africa	YES	YES
BG Mahakam	West Africa	Vessel complies to BAN SMS	
Bumi Naryan-Mar	Caspian	Vessel complies to 3 rd party SMS	
Bumi Pokachi	Caspian	Vessel complies to 3 rd party SMS	
Bumi Uray	Caspian	Vessel complies to 3 rd party SMS	

For the FPO Business, the units are required to comply with the following certifications. In addition to the ISM and ISPS codes there is also the Mobile Offshore Drilling Unit ("MODU"), certification applying to Floating Production Units covered under the MODU Code.

FPO Vessels	Area of Operations	ISM	ISPS	MODU
Armada Claire	Indonesia	Lloyd's - Lay up condition		
Armada Kraken	United Kingdom	N/A	N/A	YES
Armada LNG Mediterrana	Malta	YES	YES	N/A
Armada Olombendo	Angola	YES	YES	YES
Armada Perdana	Nigeria	N/A	YES	YES
Armada Sterling	India	N/A	YES	YES
Armada Sterling II	India	N/A	YES	YES
Armada TGT1	Vietnam	N/A	YES	YES
Karapan Armada Sterling III	Indonesia	YES	YES	YES

The International Convention for the Prevention of Pollution from Ships ("MARPOL")

In addition to monitoring our organizational impact on the environment, all 56 of our operating vessels under our two business units, FPO and OMS, comply to MARPOL-73/78. This is the environmental policy set out by the IMO and is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes.

MARPOL covers all areas of environmental impact from either vessel operations or vessel accidents and has strict processes and limits to ensure that all vessels that are certified, comply to the MARPOL regulations. These regulations include pollution of the marine environment by spillage, leakage or other pollution.

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Safety

Under HSSEQ requirements, the Group actively monitors and reports its performances in relation to health, safety, security, environment and quality. HSSEQ reporting covers the Environment and Social areas that impact our business.

In addition, the Group employs an in-house occupational health physician and a hygienist to evaluate our practices relating to the health and well-being of our employees. Annual health hazard identification audits are conducted to spot non-conformities against good practices for ergonomics, lighting, noise and hygiene conditions.

We track health and safety incidents on our work premises for employees, contractors and visitors alike, in an effort to achieve our 'Goal Zero', which is zero harm to our people at work.

Safety	2013	2014	2015	2016	2017
Leading Indicators (per 200,000 mhrs)					
Safety Observation Frequency	560.5	720.8	902.15	598.79	686
Near Miss Reporting Frequency	1.34	1.66	1.69	1.19	3.62
Management Visit Ratio	5.2	5.83	4.78	8.33	3.02
Lagging Indicators (per 1 million mhrs)					
Lost Time Injury Frequency	0.44	0.66	0.27	0.12	0.45
Total Recordable Injury Frequency	1.31	1.58	2.34	0.73	1.05
First Aid Case Frequency	2.32	2.76	2.75	1.46	1.79

As highlighted in the MD&A, on page 23, there were some positive safety milestones on our operating FPSOs and FSU over the last 12 months. Sadly, during 2017 the Group recorded a fatality. There has also been a higher occurrence of LTIs, which has resulted in an increase in the TRIF score during 2017, as compared to 2016.

On the back of these safety events, the Group, as highlighted by both the Chairman and the CEO, has continued to re-enforce safety awareness for all employees across the Group.

ENVIRONMENTAL IMPACT

As the owner of 56 vessels that operates in the offshore energy sector in numerous countries around the world, we aim to minimise the impact of our business undertakings on the environment. For this reason, the two main areas that we focus on are water treatment and consumption and the monitoring of GHG emissions.

In terms of our impact on the marine environment and GHG, we monitor various areas, such as crude spillage, water consumption, GHG emissions as well as fuel and electricity consumption. These are monitored and recorded on an annual basis, as contained in the table on the next page. Behind this data is information that allows us to track the reason for increases, where we see improvements and efficiency and how we can find improvements going forward.

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Environmental	2013	2014	2015	2016	2017
Spills (Contained onboard)	1	5	5	6	10
Spills release to sea (Number)	3	4	0	0	0
Greenhouse gas emissions (GHGs)					
Scope 1 ('000 tonnes CO ₂ equivalent)	529	540	540	497	486
Scope 2 ('000 tonnes CO ₂ equivalent)	0.8	1	0.9	0.7	0.65
Bunker fuel consumption (Million litres)	184	139	96	67	58
Electricity consumption (MWh)	1198	1489	1425	1016	1101
Water Consumption - Vessels thousand m ³	178	142	126	114	133

Note:

- i) Reduction in Scope 1 Greenhouse gas emissions is due to reduction in number of operating assets
- ii) Reduction in Scope 2 Greenhouse gas emissions is due to reduction in number of offices

Analysis of the Data:

- Although there was an increase in the number of spills on board the vessels, which have been contained and recovered, there were no incidents of spills to the sea.
- GHG emissions - Scope 1, monitors marine diesel consumption, which was lower due to lower OSV activity as compared to past years, but is likely to increase going forward on the back of more FPSOs in operations.
- GHG emissions - Scope 2, monitors bunker fuel and electricity consumption for offices. These are likely to increase due to higher FPSO operations in 2018.

PEOPLE & SOCIETY

Our People

Bumi Armada is committed to creating a working environment in which our people can develop in their roles to achieve the highest standards of professional excellence and integrity. We believe this development is achieved when we take care of our employees and provide leadership with a clear vision. As an organisation working across multiple countries, the Group always looks to employ key resources from the local markets in which we operate. Well-trained, motivated and aligned offshore crew are also critical in implementing our operations responsibly.

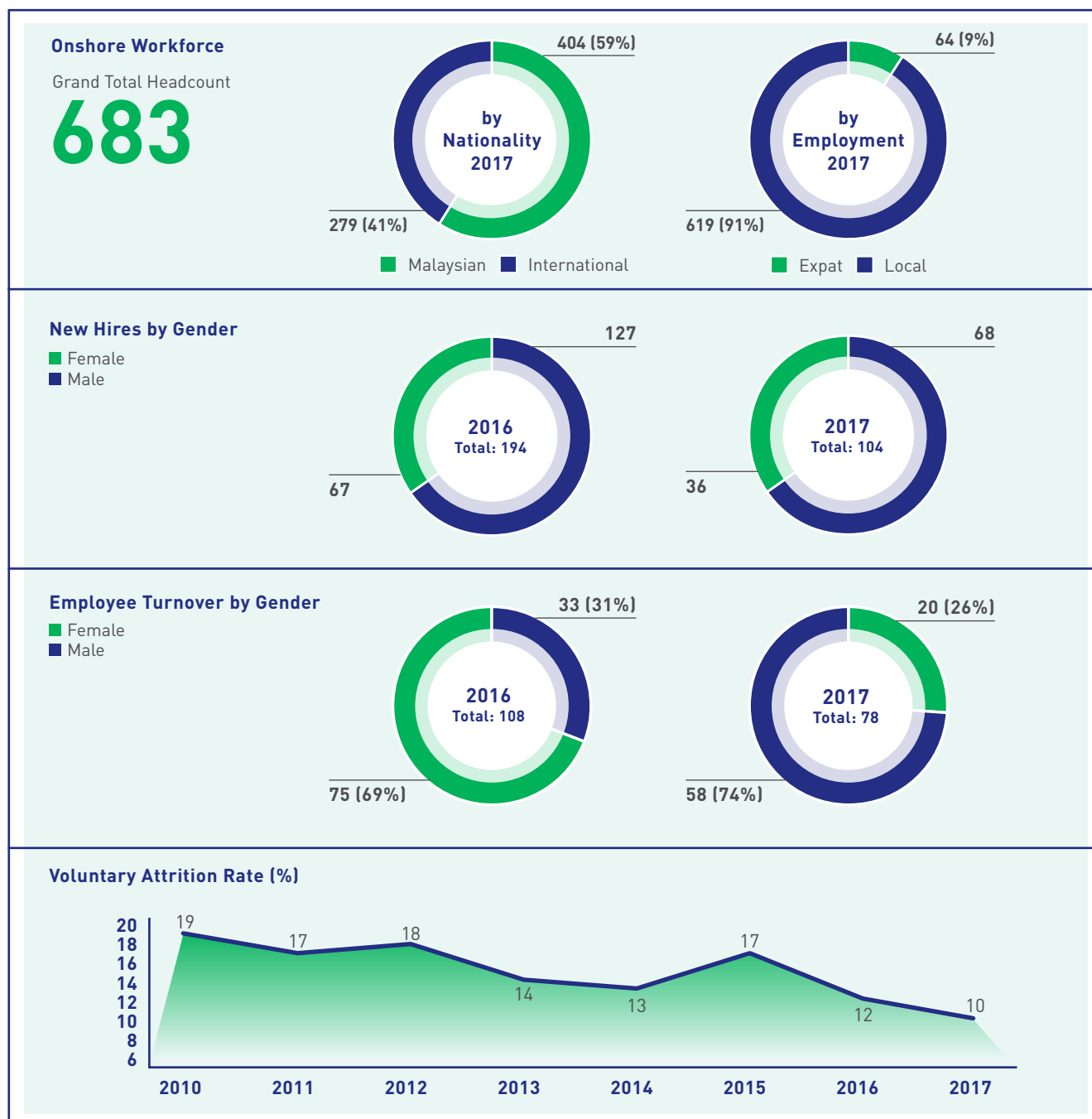




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Equal Opportunity & Diversity

Our human resources activities are based on a commitment to equal opportunity, to attract the best talent, across gender and culture, to serve our global operations. Wherever possible, we will endeavour to reflect a country's diversity in our staff strength.



People	2013	2014	2015	2016	2017
Turnover Rate	14%	13%	17%	12%	10%
Training Hours Per Employee	11.7	10.6	8.3	8.8	10.4
Women (Onshore Employees)	33%	30%	28%	41%	38%

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CSR ACTIVITIES

Other than setting targets across the organisation to reduce the various energy and water consumption amounts as part of our internal CSR targets, we look to support initiatives that mitigate our impact on the environment and have a positive impact in social areas.



Environment

We focus on marine conservation and GHG reduction. These two areas are not only supported at the corporate level, but also at our offices spread across the world.

We have been a long-term supporter of the Cherating Turtle Sanctuary (“CTS”). The CTS works to recover the eggs of Asian sea turtles laid on beaches along the East Coast of Malaysia and transfer them to the CTS hatchery. Once hatched, the turtles are reared to improve their chances of survival, until their release into the sea. In addition, our sponsorship has supported the provision of electronic tracking equipment for mature turtles, to monitor migration patterns. The CTS also educates schools and communities in the area about protecting sea turtles, especially the eggs, which are often seen as a delicacy in the region.

The Group also collaborates with the Biosphere Foundation (“Biosphere”), which carries out marine conservation activities near to where our JV FPSO, Karapan Armada Sterling III, operates off Madura Island in Indonesia. Biosphere runs a programme of coral reef protection, rehabilitation as well as education programmes in the local schools in the area.

While these are the main corporate marine CSR activities, our other offices around the world also undertake other marine conservation related activities, such as beach clean ups and smaller local initiatives in the countries where they are based.

GHG Reduction

We have supported the Forest Research Institute of Malaysia (“FRIM”) for several years and were the first offshore O&G company to sponsor a dedicated area at FRIM. Under the programme, we have sponsored tree planting and educational activities that support GHG reduction activities and awareness. We plan to continue our support for FRIM, which we have supported for the past five years.

In addition to the support of FRIM, our international offices have added to GHG reduction programme, such as our office in Astrakhan, Russia, which sponsored and planted trees.

Society

Under our social CSR initiatives, we cover a series of areas ranging from education, local community support, clean water and immunisation programmes to disaster relief. In 2017, some of the main initiatives, supported were:

- The Malaysian Children Education Foundation (“MCEF”), with provides education support and sponsorship for underprivileged high-performing children.
- UNICEF’s Clean Water and Immunisation programmes, focusing on countries where we operate in West Africa.
- Rise Against Hunger, which provides disaster relief pre-packed meals, which are distributed in areas that are struggling from natural or other disasters.

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STAKEHOLDER ENGAGEMENT

We organise our various stakeholders into seven groups, which cover all the relevant parties from shareholders and clients, through to suppliers and media.

Our interaction with our stakeholders takes place on a series of different levels and with varying regularity. Interaction with existing clients and financial investors are almost day-to-day events, while engagement with regulators or certification bodies may be more ad-hoc.

Some examples of formal engagement, but not limited to:

- Project or operational reviews with the clients;
- Audits and reviews by regulators or certification bodies;
- Pre-qualification process for major projects; and
- Surveys held with employees or investors.

Informal feedback is likely to take place during other meetings such with individual stakeholders, supplier representatives, investors or banks.

In addition, there are a series of “lessons learnt” reviews from project execution, operational reviews, etc. that we use to improve performance of all stakeholders involved.

Stakeholders	Engagements	Engagement Actions	Areas of Emphasis
Shareholders & Financial Community	Regular	<ul style="list-style-type: none"> • Individual meetings • Investor conferences • Quarterly results briefings • AGM • Site or vessel visits, etc. 	<ul style="list-style-type: none"> • Project completion • Financial performance and growth • Share price performance
Employees	Regular	<ul style="list-style-type: none"> • Townhalls • Performance appraisals • Employees survey • Site or vessel visits, etc 	<ul style="list-style-type: none"> • Corporate performance • Development opportunities
Governments & Regulators	As required	<ul style="list-style-type: none"> • Formal engagement and dialogues • Site or vessel visits • Certification dialogues and audits • Local content reviews, etc. 	<ul style="list-style-type: none"> • Local content • Compliance to regulations
Clients & Business Associates	Regular	<ul style="list-style-type: none"> • Operating performance reviews • Operating and contractual compliance • Pre-qualification & Surveys • Industry conferences • Site or vessel visits, etc. 	<ul style="list-style-type: none"> • Safety • Operational performance
Suppliers & Contractors	Regular	<ul style="list-style-type: none"> • Performance appraisals • Lessons learnt exercises and feedback • Site or vessel visits 	<ul style="list-style-type: none"> • Safety • Outlook for new projects
Community	As required	<ul style="list-style-type: none"> • Local partnerships • Local content reviews • Community support, etc. 	<ul style="list-style-type: none"> • Local content • Job opportunities • Community support
Media	Regular	<ul style="list-style-type: none"> • Quarterly releases • Meetings local and sector specific media • Site or vessel visits 	<ul style="list-style-type: none"> • Project completion • Financial performance • Share price performance

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CURRENT TOP 5 STAKEHOLDER CONCERNS

The list below is based on the most recent interactions with stakeholders, as highlighted in the table above, and while most of the concerns areas overlap with our material issues discussed earlier, their order of priority for stakeholders, at this time, is different.

Areas of Concern	Reasons/Explanations
Completion of Major FPO Projects	Delayed final acceptance of Armada Olombendo and Armada Kraken.
Financial Performance	Delays in FPSO charters and weak OSV operations have negatively affected cash flow.
Safety	Remains a key risk for clients and operations.
Prospects and Growth	Questions regarding the next major project and future growth.
People	Resource capacity and capability to execute new projects and longer-term talent development.

PLANS IN 2018

For 2018, we plan to continue to support the main initiatives that we have been reporting on in the past, with an aim to make a long-term positive impact in both the marine environment and societies where we operate. In addition, we will look to further expand our sustainability activities where possible with our stakeholders in the different countries in which we operate.