

SUSTAINABILITY STATEMENT

Bumi Armada is a Malaysia-based international offshore energy facilities and services provider with a responsibility to build a sustainable business model based on the Environmental, Social and Governance (“ESG”) platform, balancing our impact on the environment, the safety of people, and creating ethical long-term stakeholder value.

Material Issues



In 2016, the formal role of Sustainability in Bumi Armada has been consolidated under the Investor Relations, Communications and Sustainability Department (“IRCSD”). While the budget for Sustainability is held under this department, the sustainability initiatives are now led by the Sustainability Committee (“SComm”) which is guided by the IRCSD, and reports to the Board of Directors. The SComm is made up of employees from different departments who have volunteered to take on the responsibility of selecting, participating in and monitoring the initiatives that have been identified to be supported.



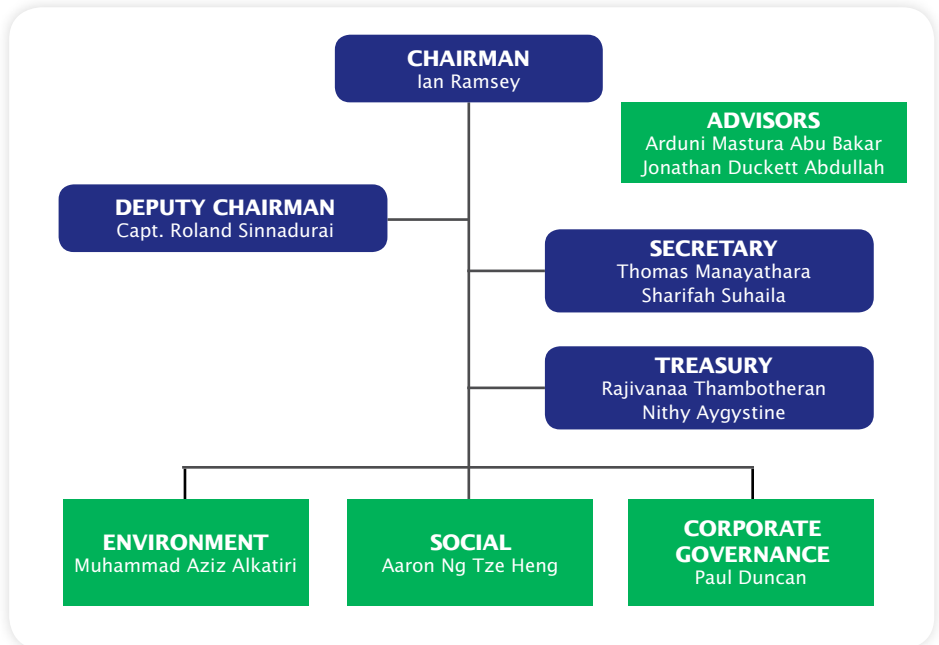
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While the Company looks at formal sustainability initiatives under the SComm, aspects of sustainability under the ESG platform are apparent in the day to day way that Bumi Armada operates. Clear examples of these are the operational focus on safety to people, facilities and the environment and awareness of potential risks in working in the construction of huge facilities under strict timelines, as well as the hazards inherent in working in the offshore environment. The detailed focus on these areas is the reason that the Company has clear policies and procedures regarding all areas of safety, employee behaviour, compliance, quality assurance and enterprise risk management, amongst others.

Bumi Armada’s approach to Sustainability under the SComm has been to select several initiatives which have both a local and an international impact, as well as run on an annual and multi-year basis. The reason for selecting both local and international initiatives reflects the geographical coverage of the Company’s businesses and where possible, directly benefit the countries in which we operate.



Bumi Armada’s Sustainability Steering Committee



ENVIRONMENTAL

SComm Initiatives

As part of the Company’s efforts on carbon offset, 2016 marked the fourth year of a five-year programme in support of the Forest Research Institute of Malaysia (“FRIM”). Bumi Armada continued to support FRIM in 2016 with the planting of indigenous jungle trees as well as supporting educational tours within the FRIM forest reserve.

Under Bumi Armada’s marine conservation initiatives, the Company continued to sponsor the Turtle Sanctuary and Information Centre in Cherating, Pahang. In 2016, the sponsorship covered improvements to the centre’s infrastructure and turtle hatchery, as well as electronic tagging and monitoring equipment for tracking adult turtles in the wild.

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With one of the Company's joint venture companies involved in an FPSO project off Madura Island in Indonesia, the SComm selected a marine conservation programme run by the Biosphere Foundation called the Mooring Buoy Programme. The programme has installed 33 mooring buoys off the marine reserve of Menjangan Island to stop visiting vessels from dropping anchors, which destroy the marine coral. In addition to installing the buoys, the programme also cleans the beaches of trash that has washed up on the island as well as clear the coral of Crown of Thorns star fish and Drupella snails which destroy the live corals. Bumi Armada provided funding to Biosphere to replace and maintain the buoys, and several employees from both the KL and Jakarta offices took part in the beach clean-up.

In the UK, employees at the Company's office in Aberdeen went on a beach clean-up organised by the Marine Conservation Society at Donmouth Beach along the River Don in Scotland. Apart from the benefit to the community of the clean-up there was also a presentation to emphasise the importance of sustaining the local beaches and marine wildlife.

As part of the business operations

As part of its corporate sustainability, Bumi Armada has made a commitment to reduce the level of fuel and electricity consumption across our operations with an overall target to see an annual reduction of 5%. The level of consumption in both these areas is influenced by a number of variables, such as level of business activity or the launch of new projects or operations.

	2015 (t.CO ₂ -e manhours)	2016 (t.CO ₂ -e/manhours)	% YTD difference
Fuel + Electricity	0.076121465 (7.6 x 10 ⁻²)	0.071001075 (7.10 x 10 ⁻²)	-6.7266
Fuel	0.1068403961 (1.1 x 10 ⁻¹)	0.099048347 (9.9 x 10 ⁻²)	-7.2932
Electricity	0.00044656 (4.47 x 10 ⁻⁴)	0.000397964 (3.98 x 10 ⁻⁴)	-10.882



“The funds provided were to purchase new equipment for Malaysian Association Help for the Poor and Terminally Ill to ensure that terminally ill patients had some comfort and support.”

As part of the operational standards under the International Maritime Organisation (“IMO”), all our vessels are required to collect and sort vessel waste materials and dispose them in accordance with the regulations. In addition to waste, the IMO has strict regulations regarding pollution levels of oil and chemical spillage. All these items must be monitored and reported to the IMO annually.

SOCIAL

SComm Initiatives

During the year, the SComm undertook a number of new societal support initiatives, which included supporting the Pertiwi Soup Kitchen, which provide free meals to the homeless and destitute in Kuala Lumpur, “Stop Hunger Now!”, which is a global food relief body that packs emergency relief meals and provides them in areas of natural, political or other disasters. Employees from the Company packed over 60,000 relief meals in two Stop Hunger Now! events in 2016.

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In 2016, Bumi Armada also sponsored the provision of selected medical equipment for the terminally ill. The funds provided were to purchase new equipment for Malaysian Association Help for the Poor and Terminally Ill to ensure that terminally ill patients had some comfort and support.

Two of the biggest threats to children in developing countries is a lack of clean water and the spread of disease. As part of the international efforts towards helping society, the SComm supported UNICEF in two programmes during 2016. The first provides clean drinking water in areas where water is either scarce or highly polluted and the second, the immunisation of children against diseases such as measles, diphtheria and tetanus.

Bumi Armada also looks to take care of its employees and organised free health screenings for its employees in Kuala Lumpur in support of World Health Day. The screenings covered blood tests and general health checks and was carried out at the lobby of the head office in Kuala Lumpur. The Company also had a series of health and fitness events for its employees throughout the year.



As part of the business operations

The safety of people is a key focus area in the oil and gas industry and when working in the offshore environment, that focus must be even more diligent. The risk to safety is extremely highly and it is for this reason that the Company, as a service provider with front line operations,

monitor processes and procedures meticulously. In 2016, the Company had a strong safety performance, but the role and indoctrination of a safety culture is endless as new operations come on stream and new employees join the Company both on-shore and offshore.

Year	2012	2013	2014	2015	2016
LEADING INDICATORS – PER 200,000 MHRS *					
Safety Observation Frequency	284.4	560.5	720.8	902.0	599.0
Near Miss Reporting Frequency	1.26	1.34	1.66	1.69	1.19
Management Visit Ratio	7.52	5.20	5.83	4.78	8.33
HSE Training Man hours	12,836	22,710	30,365	23,850	28,627
LAGGING INDICATORS – PER 1 MILLION MHRS *					
Lost Time Injury Frequency	0.19	0.44	0.66	0.27	0.12
Total Recordable Injury Frequency	1.11	1.31	1.58	2.28	0.73
First Aid Case Frequency	3.34	2.32	2.76	2.69	1.46
Total Man-Hours (BAB Only)	5,396,481	6,883,405	7,608,765	7,445,199	8,239,342

* MHRS - Man-hours

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As the Company undertakes new projects and operations internationally, it is important to hire and train competent local employees to work in the offices and facilities that we operate. As a Company and as an industry, it is not only critical to develop local resources and content to benefit the people and businesses in the countries in which we operate, but also to increase the availability of talent, competence and capability of those resources going forward. While there is a financial benefit to hiring local talent in specific countries that we operate in, the development of international talent remains a critical ingredient to Bumi Armada's success going forward.

Key milestones achieved during 2016 on our operations include:

- Zero LTI; and
- Total Recordable Incident Frequency Rate ("TRIFR") = 0.69 which is based on 1 Medical Treatment Case, and with a total man-hours of 1,451,775

The following safety performance records were recognised across the organisations:

- Armada Sterling II FPSO - 1st year of LTI free operations, 11 March 2016;
- Armada Perkasa FPSO - 1 year without LTI, 21 April 2016;
- Armada Sterling FPSO - 3 years without LTI, 21 April 2016;
- Armada Perdana FPSO - 3 years without LTI, 6 May 2016;
- Armada TGT 1 FPSO - 5 years without LTI, 18 July 2016

GOVERNANCE

In corporate governance, Bumi Armada strives to comply with the best practises in regulatory requirements and to be as transparent as possible without risking either the Company's commerciality or competitiveness. To achieve the right balance, the Company works closely with the Internal Audit function and



External Auditors to ensure compliance to the reporting regulations. For further details regarding our internal processes and procedures on employee ethics, internal audit, enterprise risk management and others, please refer to the Corporate Governance Statement in this report or please refer to the corporate governance section on our website at www.bumiarmada.com. Our efforts to

manage our sustainability responsibilities have also been recognised through the Company's inclusion in the FTSE4Good Bursa Malaysia Index, the Dow Jones Sustainability Emerging Market Index and the Morgan Stanley Composite Index ("MSCI") Global Sustainability Index.