



Company Registration Number: 196300098Z

## RESPONSE TO SGX-ST QUERY

**Singapore, 5 May 2020** – Sembcorp Marine Ltd (the “**Company**”) refers to the following query raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 2 May 2020 in relation to the Company’s annual report for the financial year ended 31 December 2019 (the “**Annual Report 2019**”):

### SGX-ST Query

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed a board diversity policy or progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

### The Company’s Response

The Company has complied with Provision 2.4 of the Code. The board of directors of the Company (the “**Board**”) has adopted a board diversity policy (the “**Policy**”). The purpose of this Policy is to ensure that the Board has an appropriate level of diversity of thought and background to enable wider perspectives which encourage more effective discussions and better decision-making. The Nominating Committee (“**NC**”) reviews board diversity as part of its annual evaluation of the Board’s performance and effectiveness. The Board, supported by the NC, will consider factors such as skills, experience, independence, knowledge, age and gender when reviewing the Board composition and Board succession planning so as to ensure an appropriate level of diversity is maintained at the Board.

The Company has disclosed the following in the Annual Report 2019:

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The Company recognises and embraces the benefits of having a diverse Board. The benefits include adopting a broad strategic perspective enhancing decision-making and ensuring effective governance. While striving for diversity, all Board appointments are made on merit, taking into account the skills, experience, independence and knowledge needed for the Board as a whole to be effective.

The NC reviews the size and composition of the Board from time to time. The NC seeks to ensure that the size of the Board is conducive for effective discussion and decision-making, and that the Board has the requisite number of independent directors with a broad range of experience and deep industry knowledge, taking into account age, gender, and other factors.

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The Board has put in place a process for the selection and appointment of directors. The process is led by the NC, which recognises that an effective and cohesive board requires the right balance of industry knowledge, experience, core competencies, skills and professional qualifications, as well as diversity.

The tenure of the current directors reflects a good balance between continuity and fresh perspectives. The Board's size and composition are appropriate given the size and geographic footprint of the Group's operations.