


Sustainability Report

About this Report


Reporting Framework

Our Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and the Singapore Exchange Sustainability Reporting Guide as well as the Ten Principles of the United Nations (UN) Global Compact. Our climate-related disclosures are guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as well as CDP's (formerly Carbon Disclosure Project) Climate Change programme. Our previous report was published in March 2020. There are no significant changes from previous reporting periods in the list of material sustainability issues and boundaries.

 For GRI-disclosures, please refer to the 2020 Performance Data and Commentary report in the Performance section on our Sustainability webpage.

Materiality

Material sustainability issues have been identified in line with the GRI Standards for sustainability reporting. In our 2016 materiality assessment, stakeholders were identified in accordance with the AA1000 Stakeholder Engagement Standard. Our material sustainability issues are reviewed and endorsed by our Sustainability Steering Committee and the board annually.

 For more information on our approach to stakeholder engagement and materiality, please refer to Our Approach section on our Sustainability webpage.


Reporting Scope

- Our report provides information on Sembcorp as well as its subsidiaries and covers the period from January 1 to December 31, 2020
- It excludes operations, joint ventures, partnerships and associates where Sembcorp does not have management and / or operational control, with the exception of greenhouse gas (GHG) emissions data. In line with the methodology used for the development of our GHG emissions target, we report our GHG emissions and GHG emissions intensity using an equity share approach
- Sembcorp Marine is separately listed and reports its activities in a separate Sustainability Report. With the demerger of Sembcorp Marine and Sembcorp Industries on September 11, 2020, Sembcorp Marine is no longer part of the Sembcorp Industries Group
- Data pertaining to new acquisitions and subsidiaries will be included in our report upon the availability of a full calendar year of data
- Data pertaining to entities divested during the year is excluded from our report

Assurance

Our key sustainability data is independently assured by PricewaterhouseCoopers LLP.

Changes in reported data could occur arising from areas such as changes in material sustainability issues, boundaries or information, including the design, definitions and use of disclosures in the report. Upon such occurrences, current disclosures are presented alongside the appropriate restated comparative or historical data.

 For the Independent Limited Assurance Report, please refer to the 2020 Performance Data and Commentary report in the Performance section on our Sustainability webpage.

Sustainability Contact

We welcome feedback on our sustainability issues and reporting at sustainability@sembcorp.com.

Participation in sustainability ratings

- CDP (formerly known as the Carbon Disclosure Project)
- Energy Intelligence's Top 100 Green Utilities report
- FTSE4Good Index Series¹
- MSCI ESG Ratings²
- Sustainalytics



¹ FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Sembcorp Industries has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products

² The use by Sembcorp Industries of any MSCI ESG Research LLC or its affiliates (MSCI) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Sembcorp Industries by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI

2020 Highlights

Generated **\$806 million** of revenue from the Renewables and Environment business



Generated **4.6 million MWh** of renewable electricity in 2020, equivalent to powering over one million households¹ in Singapore



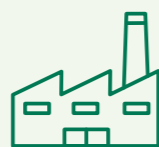
Avoided **4.1 million tonnes** of carbon dioxide equivalent emissions with energy generated by our renewable assets



Planted over **900,000 trees** since 2015 to help absorb air pollutants from the environment



Converted **870,000 tonnes** of waste into energy



Achieved **100%** recycling rate for ash produced by our coal-fired power plants in India



Helped create **342,000 jobs** over the years in our urban developments



Contributed **\$3.5 million** to our communities



Winner of

- Singapore APEX Corporate Sustainability Awards 2020, APEX winner for Sustainable Solutions
- India Greentech Environment Award 2020 for Environment Protection
- Vietnam Property Award 2020 for Best Sustainable Developer, Special Recognition in ESG as well as Sustainable Construction

Key Performance Indicators

	2020	2019	2018
Environmental			
Climate Change			
Direct (Scope 1) GHG emissions ¹ (kilotonnes CO ₂ e)	26,303.5	25,851.3 ^r	23,672.5 ^r
Energy indirect (Scope 2) GHG emissions ¹ (kilotonnes CO ₂ e)	224.8	304.8 ^r	255.2 ^r
Indirect (Scope 3) GHG emissions ² (kilotonnes CO ₂ e)	9,673.4	8,344.2	NA
GHG emissions intensity ³ (tCO ₂ e/MWh)	0.54	0.55 ^r	0.56 ^r
Gross renewable energy capacity ⁴ (MW)	3,218	2,721	2,689
Resource Management			
Water withdrawal ⁵ (million m ³)	2,322.7	2,322.0 ^r	1,856.2
Net water consumption ⁶ (million m ³)	50.7	64.6 ^r	54.3
Water discharge (million m ³)	2,272.0	2,257.4 ^r	1,801.9
Waste generated ⁷ (kilotonnes)	1,749.2	1,894.3	1,713.3
– Hazardous waste	33.4	51.3	39.9
– Non-hazardous waste	1,715.8	1,843.0	1,673.4
Local Environmental Protection			
Significant spills ⁸	0	0	0
Social			
Health and Safety⁹			
Number of fatalities ¹⁰	0	2	1
Lost time injury rate ¹¹ (number per million man-hours)	0.9	1.1	0.5
Accident severity rate ¹² (number per million man-hours)	9.7	473.1	137.0
People¹³			
Employee turnover ¹⁴ (%)	12.4	13.9 ^r	11.6
Training hours (average hours per employee)	23.6	29.4	25.2
Community			
Community contributions (S\$ million)	3.5	1.4	1.1

Commentary on the data and other performance data is available in this report, as well as the Performance section on our Sustainability webpage.

Notes: Please refer to the Reporting Scope section on page 35 for details on our reporting coverage.

¹ Direct (Scope 1) and Energy indirect (Scope 2) GHG emissions data cover our energy, water, waste management and Urban business assets, with the exception of 2018 data that excludes the Urban business

² Indirect (Scope 3) GHG emissions include our fuel and energy-related activities (Category 3) and use of sold products (Category 11). We started to account for Scope 3 GHG emissions from 2019

³ Our GHG emissions intensity includes both Scope 1 and 2 GHG emissions

⁴ Our gross renewable energy capacity includes wind, solar and energy storage

⁵ Water withdrawal includes all water we extract from the sea, surface, ground or third party sources such as wastewater from customers or treated water from water utilities

⁶ Net water consumption is defined as water consumed by our own sites and administrative offices

⁷ Data for waste generated excludes waste that is collected and incinerated for our customers

⁸ A significant spill refers to the accidental release of a hazardous substance which results in severe and / or persistent environmental damage, and is classified as having major or massive impact in our Group HSE Hazard Identification and Risk Management Standard. Significant spills are reported upon the occurrence of the incident

⁹ Health and safety data covers both assets in operation and under construction

¹⁰ Data covers employees and contractors as well as members of the public

¹¹ Lost time injury rate is defined as the number of fatalities and lost work day cases per million man-hours worked. It includes high consequence work-related injuries, which refer to injuries that result in permanent disability and / or

injuries that require long-term follow up such as physiotherapy treatment and where the individual is not expected to recover fully to pre-injury health status within six months

¹² Accident severity rate is defined as the number of lost work days per million man-hours worked. We record lost time due to one fatality as 6,000 lost work days, in line with guidelines by the US National Institute for Occupational Safety and Health

¹³ Data covers both permanent and contract employees

¹⁴ Data covers both voluntary and involuntary turnover

^r Indicates restated figure

For more details on the restatements, please refer to the 2020 Performance Data and Commentary report in the Performance section on our Sustainability webpage.

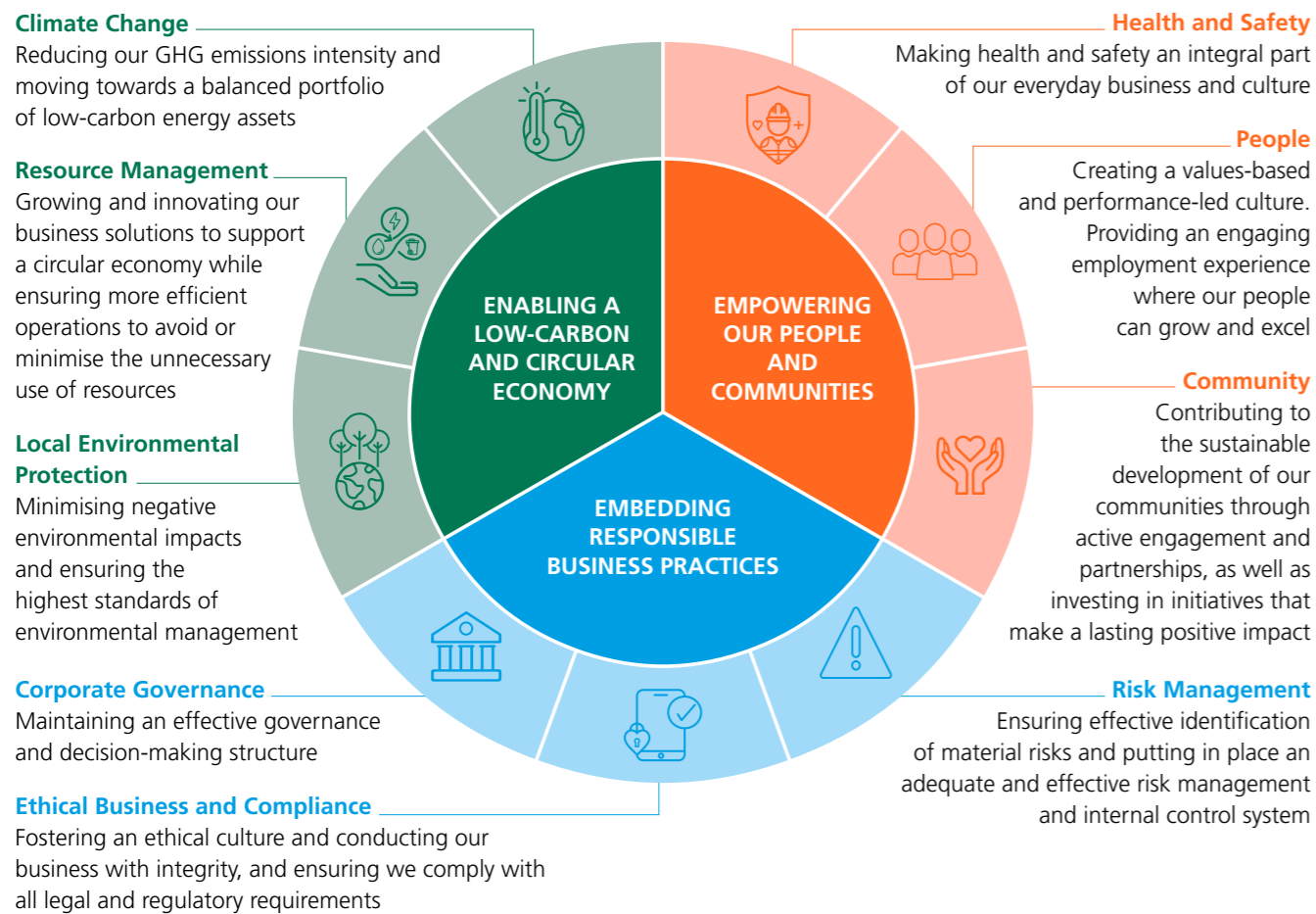
¹ Based on the average energy consumption of a four-room public housing unit in Singapore. Source: Energy Market Authority, Singapore, 2020

Managing Sustainability

Sembcorp has long held a strong commitment to sustainability. We are driven by our purpose to play our part in building a sustainable future. We see sustainability in our company as inextricably linked to our ability to deliver long-term value and growth to our stakeholders.

Our Sustainability Framework

Our sustainability framework, comprising three ambitions, supports the UN Sustainable Development Goals (SDGs) and underpins our value creation process. Our ambitions are: to enable a low-carbon and circular economy, empower our people and communities, and embed responsible business practices throughout our organisation.



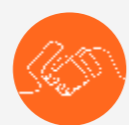
Driven by Our Purpose

Our purpose and passion is to do good and play our part in building a sustainable future. Our vision is to be a leading provider of sustainable solutions – supporting development and creating value for our stakeholders and communities.

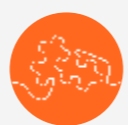
Underpinned by Our Values



Creative Insight
We innovate and solve complex problems



Committed
We walk the talk, do the right thing and deliver on our promises



Connected
We value our people, forge strong partnerships and care for our communities and the environment

Supporting the SDGs

The SDGs and their accompanying targets were ratified by 193 states at the UN Summit in September 2015. The scale and ambition of the SDGs mean they cannot be achieved by governments alone, and require the collective effort of businesses, organisations and all levels of society. Sembcorp believes in playing our part to help meet these goals. We aim to transform our portfolio towards a greener future, by focusing on growing our renewables and sustainable urban solutions businesses.

For more information on our support of the SDGs, please refer to Our Approach section on our Sustainability webpage.

Sustainability Governance

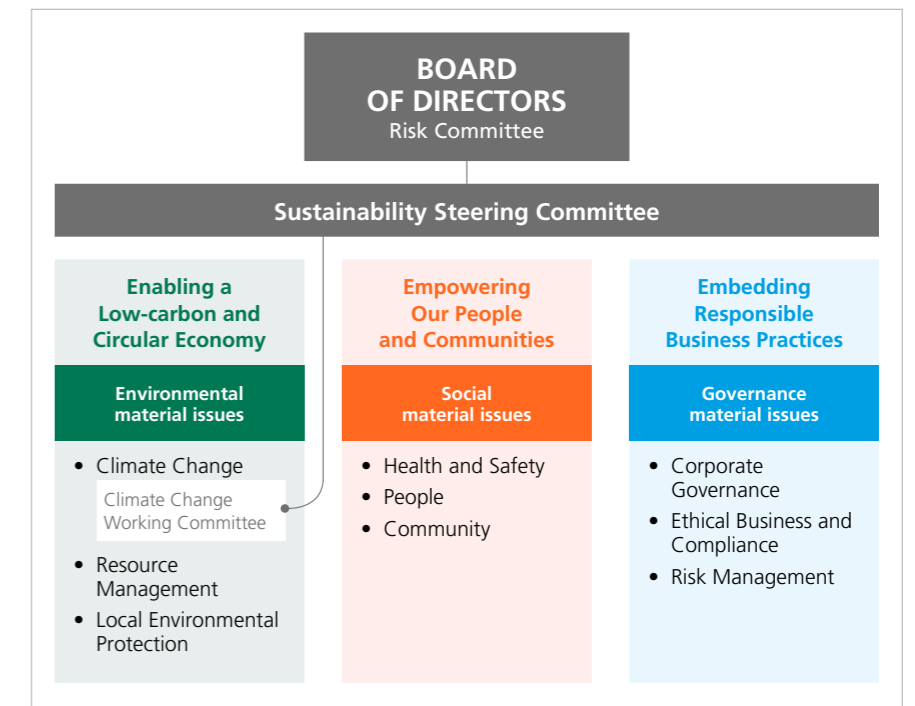
Sembcorp's board of directors oversees the business affairs of the Group. The main duties of the board include providing leadership on Sembcorp's overall strategy which takes into consideration our material sustainability issues. Sembcorp has a Sustainability Steering Committee that provides strategic direction for managing sustainability-related risks and opportunities. The committee is chaired by our group chief financial officer, and comprises senior executives who are accountable for the management of Sembcorp's material sustainability issues.

To ensure that sustainability is embedded into the business, environmental, social and governance (ESG) components are included in the performance scorecard of our leadership team. With this, the performance incentives of our senior executives specifically take into account ESG performance and the achievement of set targets.

More information on our sustainability-related policies is available in the Reports and Policies section on our Sustainability webpage.

Board Statement

Sembcorp's board of directors is collectively responsible for the long-term success of the company. The board considers sustainability issues as part of its strategy formulation. It has determined Sembcorp's material ESG factors, and exercises oversight in the management and monitoring of our material ESG factors.



Memberships and Associations

WE SUPPORT



Signatory to the United Nations Global Compact



Supporter of the Financial Stability Board's Task Force on Climate-related Financial Disclosures



Member of the founding consortium of the GRI ASEAN Regional Hub which opened in Singapore in 2019



Partner of Carbon Pricing Leadership Coalition Singapore

Our Material ESG Issues

Enabling a Low-carbon and Circular Economy



Climate Change

Our Priorities

Reducing our GHG emissions intensity and moving towards a balanced portfolio of low-carbon energy assets



Resource Management

Our Priorities

Growing and innovating our business solutions to support a circular economy while ensuring more efficient operations to avoid or minimise the unnecessary use of resources



Local Environmental Protection

Our Priorities

Minimising negative environmental impacts and ensuring the highest standards of environmental management

Climate Change

Why this is material

As an energy producer, our energy generation activities release GHG emissions that contribute to climate change. Climate change also poses potential regulatory, technological, physical and reputational risks to our business.

Our approach

We have a two-pronged approach to addressing the risks and opportunities brought about by climate change.

The first is to minimise our negative impact by reducing our operational GHG emissions, and the second is to enhance our positive impact by growing our green business lines such as renewables.

Climate-related issues are managed through our Climate Change Working Committee (CCWC). The CCWC reports to the Sustainability Steering Committee (SSC), which in turn reports to the board's Risk Committee. The achievement of

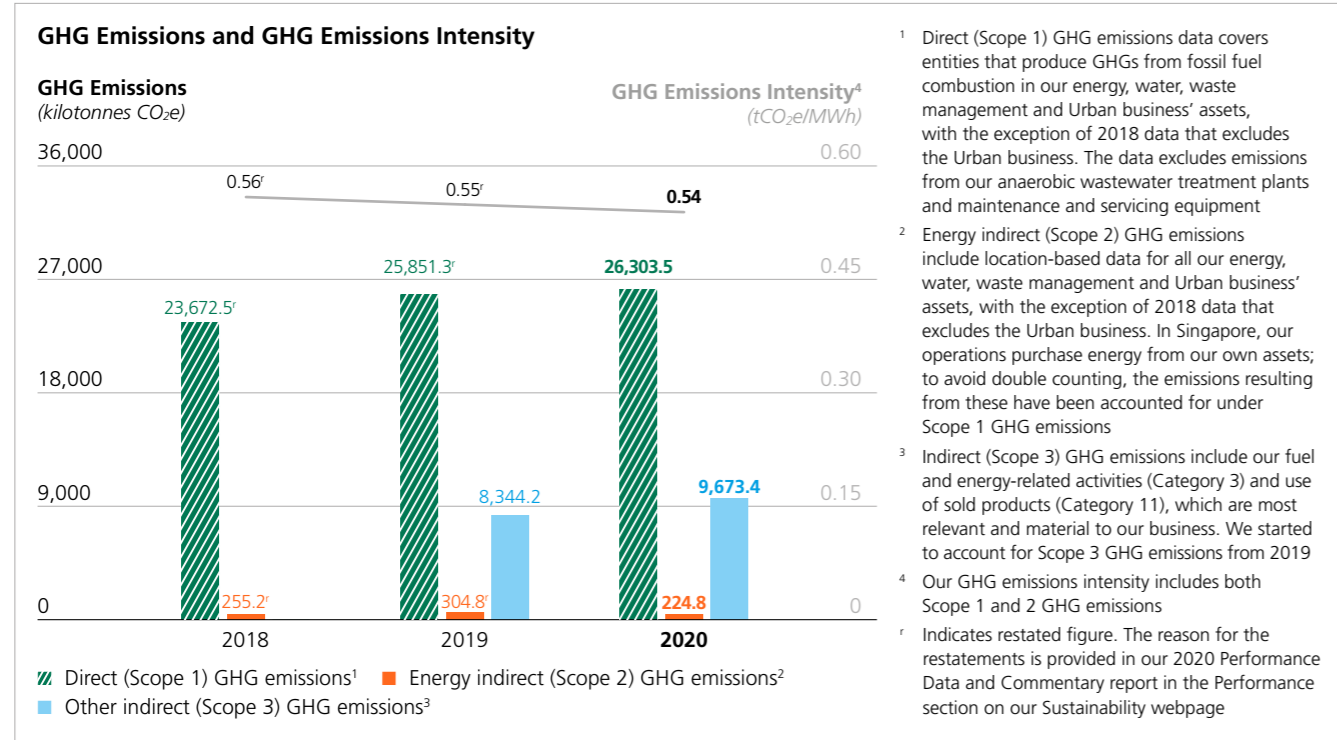
our climate change targets is monitored and incentivised via the performance scorecards of our senior executives.

Our frameworks and policies

- Climate Change Strategy
- Group Environmental Policy

Reference frameworks

- The Paris Agreement
- Greenhouse Gas Protocol
- Task Force on Climate-related Financial Disclosures (TCFD)



Performance

- We grew our gross renewables capacity comprising wind, solar and energy storage assets to 3,218MW, from 2,721MW at the end of 2019.

[To find out how we grew our renewables portfolio amid the pandemic, please refer to the Feature Stories section on our Sustainability webpage.](#)

- Our GHG emissions intensity was 0.54 tonnes of carbon dioxide equivalent per megawatt hour (tCO₂e/MWh) compared to 0.55tCO₂e/MWh in 2019. The slight decrease in emissions intensity was due to an increase in renewable energy generation.

- Scope 3 GHG emissions increased by 16% to 9.7 million tCO₂e from 8.3 million tCO₂e due to an increase in our stake in the gas business.

- We improved our CDP Climate Change score from B- to B.

- We climbed 10 places and ranked 50th in the Top 100 Green Utilities report by Energy Intelligence.

- We were also placed 13th in the Top Power Generators Ranked by Renewables Capacity by Energy Intelligence.

[To find out how we developed a stronger ecosystem for green attributes, please refer to the Feature Stories section on our Sustainability webpage.](#)

Resource Management

Why this is material

As an energy and urban development player, our activities consume resources such as fuel and water. We continue to optimise our operational resource consumption to reduce our impact on the environment.

Our three key areas of focus are:

- Energy management
- Water and wastewater management
- Waste management

Our approach

Energy Management

To optimise the efficiency of our energy assets, we use advanced digital solutions that enable real-time data analysis for the early detection of anomalies to facilitate prompt corrective intervention or preventive maintenance. We also aim to increase the use of solar energy at our sites to reduce our Scope 2 GHG emissions.

[To find out how our partnerships and innovation have helped to improve resource management, please refer to the Feature Stories section on our Sustainability webpage.](#)

Water and Wastewater Management

We seek to ensure that our interactions with, and usage of, water resources are responsibly managed. Our wastewater treatment business applies various technologies such as membrane separation and biological treatment to effectively treat different wastewater profiles from our customers.

Waste Management

We adopt the principles of reduce, reuse and recycle, and actively seek solutions that support a circular economy.

[To find out how we are exploring the resource recovery of decommissioned solar panels, please refer to the Feature Stories section on our Sustainability webpage.](#)

Resource management falls under the oversight of the Global Operations department. It is guided by the Group Health, Safety, Security and Environment (HSSE) Management Framework, Environmental Policy and Standards, as well as all applicable environmental regulations.

Our frameworks and policies

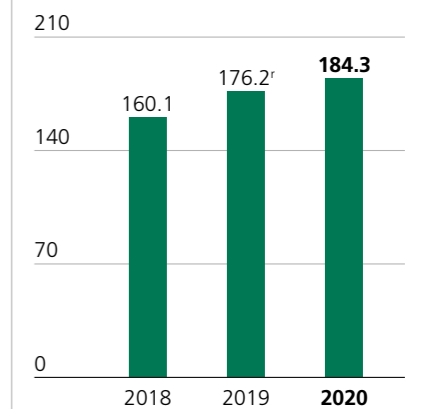
- Group HSSE Management Framework comprising
 - Group HSSE Policy
 - Group HSSE Rules and Standards
- Group Environmental Policy

Performance

- We consumed 184.3 petajoules of energy in 2020.
- Our global energy and water facilities undertook 24 energy optimisation projects that led to a reduction of over 60,000MWh of electricity consumed, the equivalent of over 21,000tCO₂e emissions avoided.

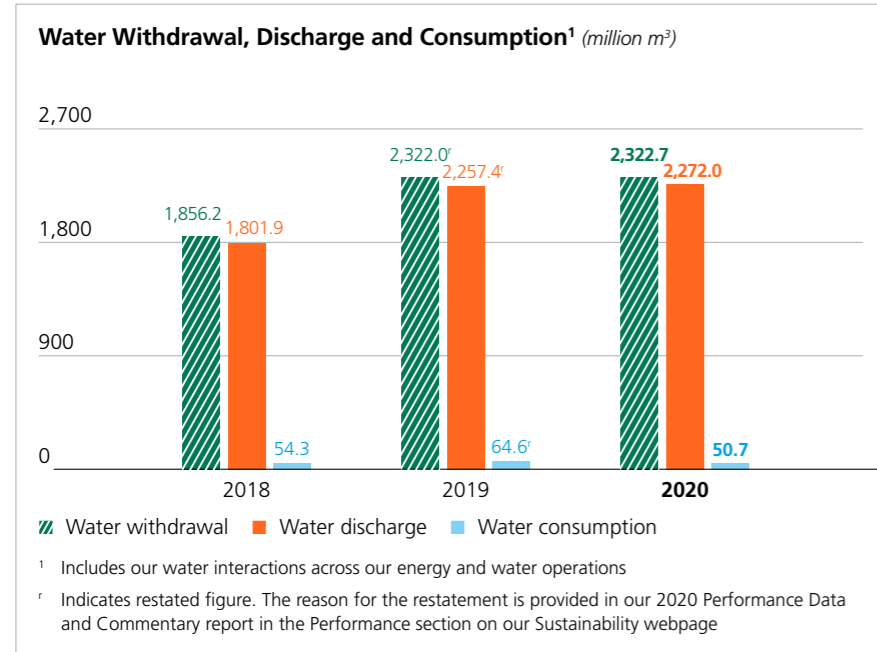
- We withdraw water for energy generation and cooling purposes in our energy operations. We also treat multiple streams of water and industrial wastewater for our customers. We withdrew 2,322.7 million cubic metres (m³)

Energy Consumption within Sembcorp¹ (petajoules)



¹ Energy consumption within Sembcorp = Fuel consumption (natural gas, fuel oil, petrol, diesel, coal and waste, biomass) + Energy purchased for consumption + Self-generated electricity (renewables) – Total energy sold

^r Indicates restated figure. The reason for the restatement is provided in our 2020 Performance Data and Commentary report in the Performance section on our Sustainability webpage



of water in 2020. Our water withdrawal and discharge remained stable, and we consumed less water in 2020.

- We undertook three water optimisation projects that improved efficiency and led to a projected annualised reduction of around 17,000m³ of water used.
- We generated 1.7 million tonnes of waste, an 8% reduction from last year. This was due to lower electricity production in our thermal plants and wastewater treatment volume, resulting in reduced ash and sludge generation respectively. 98% of waste generated was non-hazardous waste and 2% was hazardous waste. 95% of non-hazardous waste was recycled into bricks, cement and used in the filling of low-lying areas and dyke raising.

Local Environmental Protection

Why this is material

Our operations and activities have varying degrees of impact on the environment, such as the discharge of effluent, disposal of waste, or the

emission of air pollutants. Any improper or non-compliant discharge, disposal or emission may result in harm to the environment and public health, as well as threaten the long-term viability of our business.

Our approach

Our Group HSSE standards support the Precautionary Principle in managing environmental risks. We seek to take preventive action to minimise our impact on the environment.

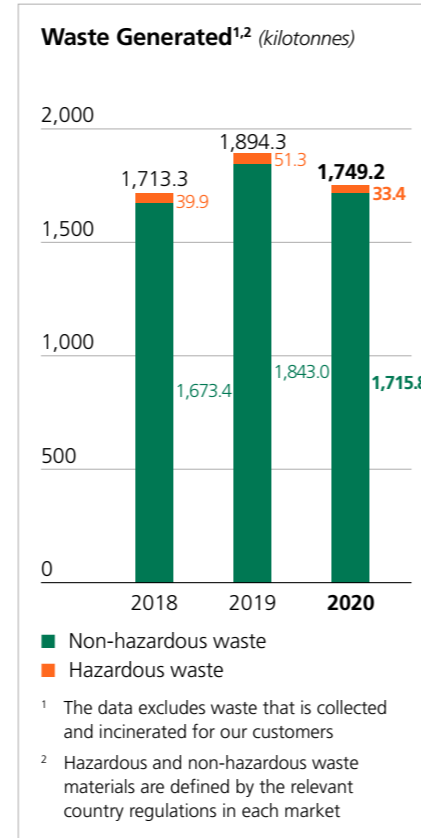
Where required, we conduct environmental impact assessments in accordance with national and / or international standards and methodologies.

Local environmental protection falls under the oversight of the Group HSSE department, guided by the Group HSSE Policy and Standards as well as all applicable environmental regulations.

Our frameworks and policies

- Group HSSE Management Framework comprising
 - Group HSSE Policy
 - Group HSSE Rules and Standards

* A significant spill refers to the accidental release of a hazardous substance which results in severe and / or persistent environmental damage, and is classified as having major or massive impact in our Group HSSE Hazard Identification and Risk Management Standard. Significant spills are reported upon the occurrence of the incident



- Group HSSE Legal and Regulatory Governance Framework
- Group Environmental Policy

Reference frameworks

- ISO14001

Performance

- We developed our Group HSSE Legal and Regulatory Governance Framework to guide our operations towards the highest standards of environmental compliance.
- We registered zero significant* spill incidents across our global operations.
- Details of fines can be found on page 49 of this report.

Empowering Our People and Communities

Health and Safety

Our Priorities
 Making health and safety an integral part of our everyday business and culture

Health and Safety
Why this is material

The nature of our business means that any lapse in health or safety protocols may result in direct or indirect impact on our employees, contractors, customers and communities.

Our approach

We recognise the right to life, health and safe working conditions, and are committed to reducing health and safety risks in our operations to as low as reasonably practicable. We believe that most incidents are preventable and it is our responsibility to ensure that our employees are equipped with the right skills and tools to work safely. We also require our contractors to comply with our health and safety policy to prevent and manage health and safety risks.

We aim to provide our customers with safe, reliable products and services. Quality assurance and compliance testing are done at various points of production. Our monitoring and control regime includes detailed inspections as well as predictive and preventive maintenance of critical equipment, parts and instruments.

In line with our responsibility to provide a secure working environment, we closely monitor and assess security threats and potential risks to our operations and assets.

People

Our Priorities
 Creating a values-based and performance-led culture. Providing an engaging workplace where our people can grow and excel

Occupational health and safety fall under the oversight of the Group HSSE department, who provides updates to the board's Risk Committee. The department is guided by the Group HSSE Management Framework. Performance incentives for all employees take into account the Group's overall health and safety performance for the year.

Product safety and reliability are overseen by the chief executive officers of various markets, who are bound by regulatory and contractual terms to meet product and service specifications and standards.

Physical security falls under the oversight of the Group HSSE department, whose work is guided by the Group Security Management System.

Our frameworks and policies

- Group HSSE Management Framework comprising
 - Group HSSE Policy
 - Group HSSE Rules and Standards
 - Group Security Management System
 - Group Security Standards
 - Group HSSE Legal and Regulatory Governance Framework
- Human Rights Policy

Reference frameworks

- ISO45001

Community

Our Priorities
 Contributing to the sustainable development of our communities through active engagement and partnerships, as well as investing in initiatives that make a lasting positive impact

- International Association of Oil and Gas Producers (IOGP) Global Safety Performance Indicators
- US National Institute for Occupational Safety and Health (NIOSH)
- American Society for Industrial Security Standards
- Singapore Ministry of Home Affairs Security Guidelines

Performance

- There has been improvement in the 2020 health and safety performance despite increased workplace risk factors arising from the impact of COVID-19. Pandemic response measures such as split team work arrangements were implemented to reduce the risk of transmission within the workplace. As a result, operations ran on longer working hours due to reduced manpower and faced additional operational constraints due to enhanced safety requirements. In spite of these factors, there were zero fatalities and our lost time injury rate and accident severity rate improved by about 20% and 98% respectively compared to 2019. We remain committed to continually improving our occupational health and safety performance.

To find out how our businesses ensured safe operations during the pandemic, please refer to the Feature Stories section on our Sustainability webpage.

People

Why this is material

Having a competent, highly motivated and performance-led workforce is key to ensuring the success of our business. Our people play a vital role in ensuring our business stays relevant by delivering on our transformation strategy and goals.

We identified the following areas of focus:

- Employee engagement
- Employee development
- Compensation and benefits
- Employee wellness
- Human rights and labour standards
- Diversity and equal opportunities

Our approach

Employee engagement

Our leadership communicates with employees through various channels including dialogues, town halls, video conferencing, newsletters and email circulars. We conduct an employee engagement survey at least once a year.

[To find out how we continued to engage our employees amid the pandemic, please refer to the Feature Stories section on our Sustainability webpage.](#)

Employee development

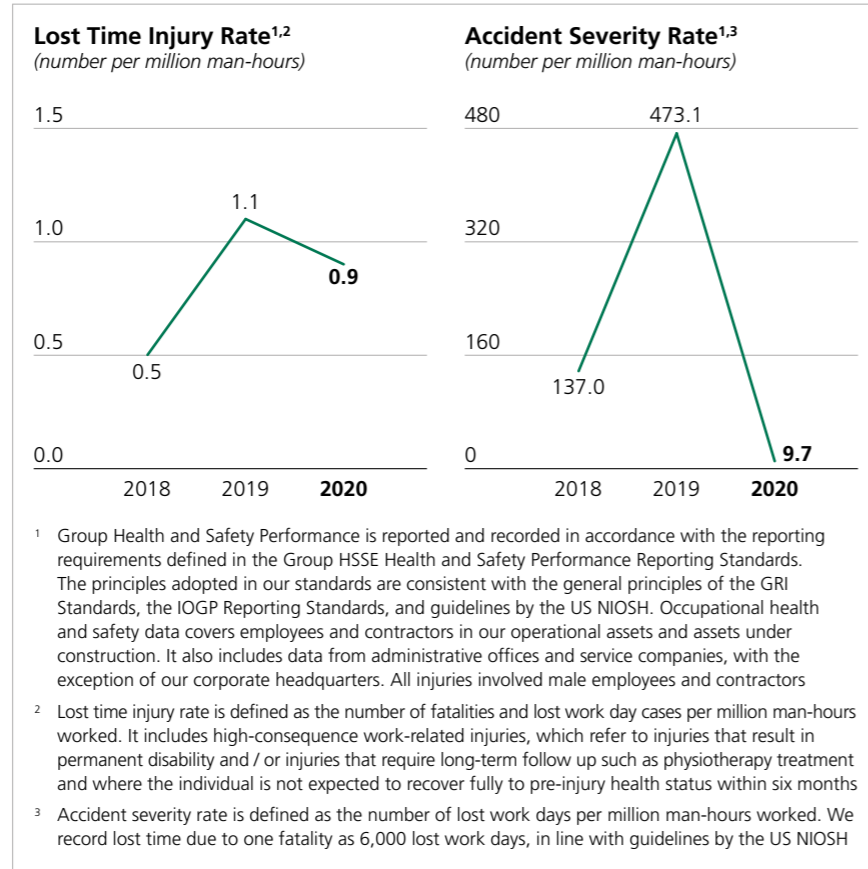
Our talent strategy is built upon talent acquisition and development. We are committed to equipping our people with the capabilities and know-how to achieve their fullest potential, while enabling them to remain relevant in an evolving operating landscape.

Talent strategy and development as well as succession planning are supported by the:

- Talent review and succession planning framework
- Lead, Appraise and Develop (LeAD) performance management system

Compensation and benefits

We have in place a competitive remuneration and reward system based on the key principles of equity



and meritocracy. Our salary levels are reviewed regularly and benchmarked against local markets, as well as data from global market surveys and consultancy firms. Where applicable, we also undergo negotiations with employee unions.

Annual variable bonuses for all employees are based on business and individual performances which are measured against targets that were previously agreed upon with their supervisors. Share plans are also available for eligible employees.

Employee compensation and benefits are reported to the board's Executive Resource and Compensation Committee.

Employee wellness

We adopt a holistic approach to workplace wellness encompassing

the physical, social and psychological well-being of our employees.

Our workplace wellness plans are supported by:

- A dedicated budget for activities that encourage employee well-being and team bonding
- Employee-led committees that organise a range of free or subsidised recreational and wellness activities
- Mandatory medical screenings for employees whose work may include occupational health hazards and voluntary free annual health screenings to all employees in most markets

Human rights and labour standards

Our Human Rights Policy sets out our principles with respect to human rights and labour standards, including the prohibition of forced or child labour and freedom of association.

Our Code of Conduct sets out key principles on fairness, opportunity, non-discrimination, dignity, respect and non-harassment.

Diversity and equal opportunities

Our principles with respect to diversity are set out in our Human Rights Policy and Code of Conduct. Recruitment, promotion, rewards and career development opportunities are based on merit, without discrimination against age, race, gender, sexual orientation, religion, family or marital status, or any other status protected by the laws or regulations in the locations where we operate.

We believe that our localisation strategy supports local capability building and equal opportunity. We also offer our employees placements in different markets to encourage greater exposure and to diversify their skills and experience.

Our practices in these focus areas fall under the oversight of the Chief Corporate and Human Resource Officer who is supported by the Human Resource, Group HSSE, Group Internal Communications and Group Sustainability departments.

Our frameworks and policies

- Talent Management and Development Policy
- Learning and Development Policy
- Talent Acquisition Policy
- Whistle-blowing Policy
- Employee Grievance and Disciplinary Action Policy
- Human Rights Policy
- Code of Conduct

Reference frameworks

- United Nations (UN) Guiding Principles on Business and Human Rights
- UN Universal Declaration of Human Rights
- The Employers' Pledge of Fair Employment Practices under Singapore's Tripartite Alliance for Fair and Progressive Employment Practices

Performance

- We launched global pulse surveys in April and June 2020 to better understand how employees were coping amid the pandemic. Findings and concerns highlighted in the first survey were followed up on. The results were reflected in improved scores from the second pulse survey, including better employee well-being, and improved sentiment towards the organisational and enhanced digital support given to help employees adapt to the changing work environment.

- A global employee engagement survey was conducted in November 2020. Employee participation rates in the engagement survey improved significantly from 59% in 2019 to 82% in 2020, while the employee engagement dimension scored above global industry benchmarks.

- We were included in Forbes' 2020 list of the World's Best Employers.

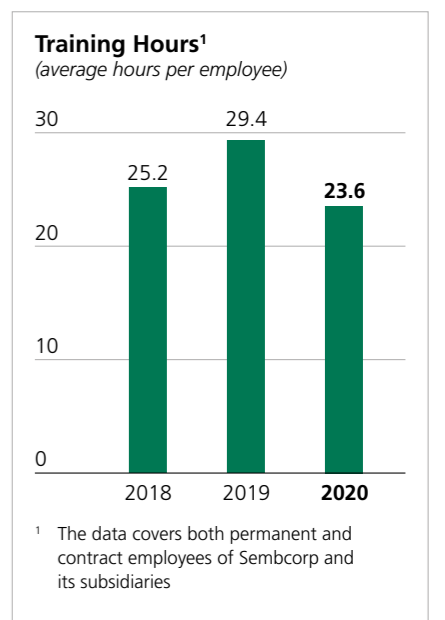
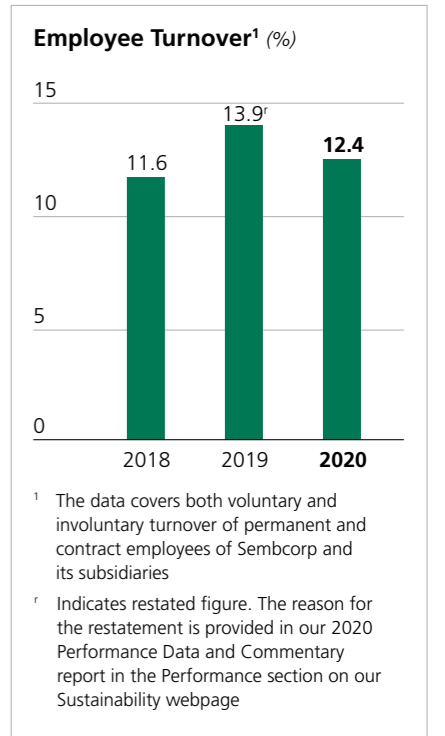
- Employee turnover was 12.4% in 2020 compared to 13.9% in 2019. The voluntary turnover rate was 9.0% in 2020, down from 10.5% in 2019.

- We achieved an average of 23.6 training hours per employee in 2020. The lower training uptake was due in part to employees transitioning to work from home arrangements. COVID-19 restrictions also limited the number of physical training sessions that could be conducted. Certain training sessions were also cancelled as vendors were unable to conduct virtual sessions.

- We launched the Sembcorp Academy which aims to provide more structured learning opportunities for employees. The Academy kicked off with

technical development programmes for operations and maintenance employees in Singapore.

- We piloted a graduate development programme designed to attract high calibre graduates from local universities in Singapore.



Our Material ESG Issues

- In 2020, we launched the Flexible Benefits Programme in Singapore. This provided employees with more choice to decide how they use their flexible credits.
- To help employees better adapt to the changing work environment, we launched a global virtual wellness campaign to encourage healthy habits while working from home. We also launched an employee assistance programme in Singapore where employees could seek consultation services and professional support to better manage the stress associated with the COVID-19 pandemic.

Community

Why this is material

Sembcorp's long-term success is based on being a valued partner to the communities we serve in. At the same time, we recognise that the nature of our business means we can have varying degrees of economic, social and environmental impact, in direct or indirect ways, on the communities in which we operate.

Our approach

We believe we can contribute to the sustainable development of our communities through our operations and community investments. We believe our local operations are best placed to understand the unique needs of the community and forge partnerships with local stakeholders. As such, markets manage community assessments, engagement programmes and contributions locally, while aligning to group-level strategic frameworks and guidelines.

Community-related issues fall under the oversight of the Group Sustainability department. Community investments undergo a counterparty due diligence assessment conducted by the Group Ethics and Compliance department. Quarterly global community investment meetings are held to communicate plans and policies.

Our frameworks and policies

- Group Community Grievance Management Policy
- Group Community Investment and Sponsorship Compliance Policy
- Group Community Investment Guidelines

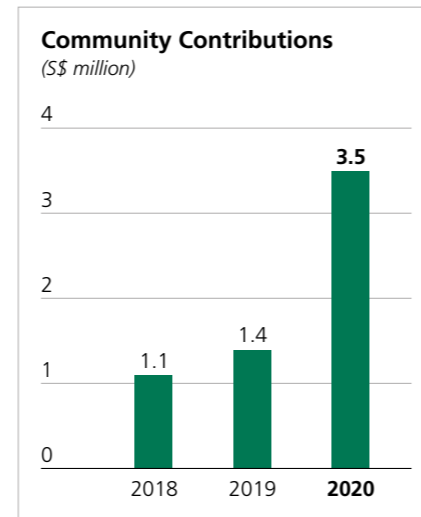
Reference frameworks

- AA1000 Stakeholder Engagement Standard
- Business for Societal Impact (formerly LBG) Framework and Guidance

Performance

- In 2020, Sembcorp contributed S\$3.5 million through cash and in-kind donations to charities and community initiatives globally, which included over S\$600,000 in mandatory contributions and close to S\$52,000 in leveraged contributions. Of our total contribution, S\$1.7 million was channelled to support pandemic-related causes.
- In 2020, 86% of our operations supported communities through local community engagement and / or development programmes.
- In 2020, we launched the Sembcorp Energy for Good Fund in Singapore with an initial injection of S\$1.5 million. Of this, over S\$1 million was used to provide relief to the social sector, essential workers and migrant workers who were impacted by the pandemic. Globally, our markets responded to community needs throughout the year as well as during our annual Sembcorp Gives Back Week in September 2020.

To find out how we supported environmental research and education, please refer to the Feature Stories section on our Sustainability webpage.



Giving Back in a Pandemic



SINGAPORE

- Internal fundraising and dollar-for-dollar matching of employee donations to support vulnerable groups adversely impacted by the COVID-19 pandemic
- Prepared and distributed dry food bundles and cooked meals to beneficiaries
- Sembcorp Power provided rebates to offset electricity bills to selected small businesses as well as eligible residential consumers

CHINA
Donated personal protective equipment (PPE) to local communities

- UK**
- Company and employee funded donations to support charities affected by COVID-19
 - Employee-led virtual meetings to mentor homeless and at risk youths in job searching and employability skills



BANGLADESH
Donation of PPE and disinfection chambers to local communities



- VIETNAM**
- Distributed food staples to villages in Bac Ninh province and Hai Phong city via "Rice ATMs"
 - Delivered food supplies to ethnic hill tribes living in the remote mountainous region of Coc Lau commune in Lao Cai province



- MIDDLE EAST**
- Purchased machines and disinfecting tools for the daily disinfection of public areas in Fujairah
 - Donated disinfection equipment to hospitals



MYANMAR
Donated medical equipment to local hospitals

- INDIA**
- Sembcorp Entrepreneurship Development Centre trainees sewed reusable face masks which were distributed to the local communities
 - Disinfected public areas in villages
 - Donated medical equipment to a local hospital in Gurugram



Embedding Responsible Business Practices

Corporate Governance

Our Priorities
 Maintaining an effective governance and decision-making structure

Corporate Governance

Why this is material

Well-defined corporate governance structures, practices and processes are essential to enhancing corporate accountability and long-term sustainability to preserve and maximise shareholder value.

Our approach

We comply with the principles and guidelines set out in the Singapore Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore, and our corporate governance practices are set out in the Corporate Governance Statement of this annual report.

Sembcorp's Board of Directors are collectively responsible for the long-term success of the company.

To facilitate the effective execution of both our internal processes and business needs, we have in place a clearly defined organisational structure which includes detailed roles and responsibilities for key appointment holders. This is further supported by an established matrix for the delegation of authority and financial authority limits, which has been approved by the board.

Our frameworks and policies

- Constitution of Sembcorp Industries
- Board Diversity Policy
- Interested Person Transactions Mandate
- Corporate Governance Statement

Ethical Business and Compliance

Our Priorities
 Fostering an ethical culture and conducting our business with integrity while ensuring we comply with all legal and regulatory requirements

Reference frameworks

- Singapore Code of Corporate Governance 2018

Performance

- We ranked eighth in the Singapore Governance and Transparency Index 2020, the leading index for assessing corporate governance practices of Singapore-listed companies.
- We placed fifth in the inaugural Singapore Board Diversity Index developed by Willis Towers Watson in partnership with the Singapore Institute of Directors and supported by BoardAgender.
- We received the ASEAN Asset Class Award in the 2019 ASEAN Corporate Governance Scorecard assessment.

Ethical Business and Compliance

Why this is material

Responsible business conduct ensures the long-term viability of our businesses by building trust and confidence with our stakeholders. Our businesses operate in highly regulated environments where non-compliance may subject us to statutory and regulatory fines or sanctions, and could result in the loss of our licence to operate.

Our approach

We are committed to high standards of behaviour and integrity in everything we do and expect the same from those whom we do business with.

Risk Management

Our Priorities
 Ensuring effective identification of material risks by putting in place an adequate and effective risk management and internal control system

We seek to ensure that we comply with all legal and statutory requirements, and have zero tolerance for fraud, bribery and corruption.

Ethical business and compliance falls under the oversight of our general counsel, supported by the Group Ethics and Compliance department. Ethics and compliance matters are reported quarterly to the senior leadership council. The Group Integrated Audit (GIA) department provides independent assurance to the senior leadership council and the board's Audit Committee on the reliability, adequacy and effectiveness of our system of internal controls, risk management, governance framework and processes.

All employees are required to comply with the principles and requirements of our Code of Conduct. Bonus payments for most employees are tied to the completion of mandatory compliance training.

Our frameworks and policies

- Code of Conduct
- Whistle-blowing Policy
- Group Anti-bribery and Corruption Policy
- Group Data Protection Policy
- Group Gifts, Entertainment and Travel Policy
- Group Know-your-counterparties Policy
- Group Conflict of Interest Policy

Our Group Data Protection Policy sets out the framework and principles which govern the collection, use, disclosure, correction, deletion, protection, transfers and retention of confidential personal and business data. Our global businesses and data intermediaries who process and manage data on our behalf are expected to abide by the policy, subject to local laws and regulations on data protection.

Performance

- In 2020, 100% of our employees completed mandatory compliance training and acknowledged compliance to the Code of Conduct.
- In addition to mandatory e-learning, we conducted 29 training workshops targeting employees whose work exposed them to higher risk of bribery and corruption. Over 1,100 employees globally attended these video conference trainings, with the aim to heighten their awareness of anti-bribery and corruption, fraud, financial crimes and conflict of interest.
- A total of 23 data protection and cyber security awareness training workshops were conducted for over 900 employees globally.
- As part of our continuous improvement efforts, we updated and enhanced our Group Conflict of Interest Policy.
- We increased the scope of our Third Party Due Diligence compliance programme.

Fines and Sanctions

We are committed to complying with statutory and regulatory requirements. We report significant fines or monetary sanctions that are equal to or above S\$50,000 that are paid during the financial year.

In 2020, we paid fines totalling S\$549,000 in Chile for incidents that occurred in 2012, 2013 and 2017

relating to delays in the registration of a water well and the construction and expansion of sewage treatment plants that were committed to under a regulatory development plan. Our Chile business was divested on July 29, 2020.

As disclosed in our Annual Report 2019, legal proceedings related to the discharge of off-specification wastewater by a joint venture wastewater treatment company in China resulting from the illegal and criminal activities of some former employees were concluded in February 2020. The Group paid S\$10 million in fines for the criminal case in 2019 and agreed to a S\$44 million settlement for the civil claim.

Following this incident, we took all necessary steps to further strengthen our internal controls and processes across our water operations in China. The Group also committed to invest S\$45 million over a four-year period to support environmental protection in the country.

Risk Management

Why this is material

The global energy transition has led to significant risks and business model disruptions. As a diverse company with a presence in multiple markets, we are exposed to risks including financial, operational, compliance and information technology threats.

Our approach

We have an overall risk management strategy, as set in place by our board of directors and supported by the board's

Risk Committee and Audit Committee. Oversight of risk management within the Group's listed entities lies with their respective boards. The Risk Committee reviews and enhances the effectiveness of the Group's risk management plans, systems, processes and procedures. It also regularly reviews group-wide risks including significant risk exposure relating to operational risks, foreign exchange rates, commodity prices and major investment projects as well as corresponding risk mitigation plans. HSSE policies, guidelines and limits are also regularly reviewed.

Risk Appetite Framework

The board has determined a risk appetite framework which guides the board and management in the execution of our strategy and objectives. Under this framework, the board has approved risk appetite statements with respect to economic, environmental, social and governance areas in line with our material issues for the management and reporting of our overall sustainability performance.

a. Economic

Sembcorp actively pursues global strategies to deliver sustainable long-term value and growth. This includes developing new capabilities and expanding our business in both existing and new markets. Though this carries inherent risks, the Group aims to be a disciplined investor with an investment approval framework that integrates robust due diligence and risk management. The Group has set appropriate limits for investment exposure in each country to further manage concentration risk.


The Group is committed to maintaining an appropriate financial position to ensure access to funding and to protect shareholder value. The Group has a defined set of risk management policies to manage our financial risks. The Group will not

take part in any form of transaction deemed speculative in nature that is not supported by underlying business and operating requirements, under any circumstance.

b. Environmental

Sembcorp is committed to operating in a socially responsible manner to manage our impact on the environment, as well as to provide high quality products and services that contribute to the sustainable development of the communities in which we operate.

In addition to being committed to complying with all applicable environmental standards and requirements through our established internal policies and processes, we assess the impact of environmental and climate-related risks on our business, and apply appropriate control measures to manage them. Where viable, we also invest in the latest technologies and utilise our capabilities to achieve better operational efficiencies and promote environmental sustainability.

 For information on our climate-related risks, please refer to our TCFD disclosure that is available in Our Focus Areas: Environment section on our Sustainability webpage.

c. Social

Sembcorp is committed to being a responsible business that ensures the health and safety of our people, while having a positive impact on our stakeholders and communities. The health and safety of all our employees, contractors, customers and the public is of paramount

importance to the Group. Sembcorp will not compromise the health and safety of our internal and external stakeholders in the pursuit of operational excellence and business growth. We take a serious view of any breach of health and safety standards and regulations across all our operations and facilities.

Sembcorp recognises the need for a strong and competent team that is committed to transformation and growth. Sembcorp will continue to equip our employees with the relevant capabilities and competencies, and provide an engaging employment experience to help create a purpose-driven, values-based and performance-led culture that supports a sustainable business.

Sembcorp is also committed to building our digital capabilities to improve the efficiency of our businesses and to maintain an effective control environment to manage the cyber risk exposure of our customers' data as well as our assets and operations.

In addition, Sembcorp strongly believes in the need to conduct our business in a responsible manner and to make a positive contribution to the communities in which we operate. The Group is therefore committed to high standards of business conduct, engaging our stakeholders and managing our environmental and social impact on local communities.

d. Governance

As a company listed on the Singapore Exchange, we are accountable to a wide range of stakeholders. Sembcorp is committed to maintaining high standards of behaviour and integrity, and aims to be the best in class for governance practices.

The Group strives to comply with all applicable laws and regulatory requirements in the countries where we operate, including adopting a zero tolerance stance towards any form of fraud, bribery and corruption. We expect all employees to adhere to the guidelines set forth in the company's Code of Conduct.

Our risk appetite statements are also supported by key risk indicators, which are monitored and reported to the board's Risk Committee on an ongoing basis.

Enterprise Risk Management

The Group is committed to ensuring that an effective and practical enterprise risk management (ERM) framework is in place. Our framework aims to safeguard our people and assets, protect shareholders' interests, facilitate informed decision-making for value creation and ultimately enhance our brand and reputation. In designing our ERM framework, the Group has adapted and made reference to various industry risk management standards, such as ISO31000 and the Enterprise Risk Management – Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission. Our ERM framework specifically sets out a systematic and structured approach towards risk management through the following activities:

- Awareness training and workshops
- Risk identification and assessment
- Formulation of key risk management strategies
- Design and implementation of risk mitigation controls (preventive, detective and responsive controls)
- Monitoring and timely reporting of risk management performance and risk exposure levels
- Continual improvement of risk management capabilities and mitigation measures

Our ERM framework is supported by the following key pillars:

a. Fraud Risk Management

The possibility of fraud is an inherent risk in any organisation. To manage this, the Group has established a fraud prevention policy which has been approved by our board's Risk Committee. The policy provides a framework and comprehensive guidance on anti-fraud measures to proactively manage the risk of fraud, bribery and corruption. We actively influence and encourage our joint ventures and associates to adopt our fraud risk management framework. Our zero-tolerance approach is regularly communicated to employees through awareness training and e-learning programmes.

The following key activities and complementary policies and procedures are part of our holistic approach towards fraud risk management, and to address the risk of bribery and corruption:

Preventive

- Code of Conduct
- Conflict of Interest Policy
- Gifts and Entertainment Policy
- Fraud risk assessments
- Counterparty due diligence

Detective

- Whistle-blowing Policy
- Compliance and monitoring
- Pre-employment screening

Responsive

- Fraud reporting procedures
- Fraud investigation procedures
- Grievance handling procedures

Whistle-blowing Policy

Sembcorp has a Whistle-blowing Policy in place. We provide employees and external parties with well-defined and accessible channels through which they may, in confidence, raise concerns regarding possible

Staying Prepared to Address Cybersecurity Threats

Cyberattacks are a growing threat in this digital age. A breach in cybersecurity could have a significant impact on our business' operations. Cybersecurity risks at Sembcorp include data breaches or loss, insider threats or national / state-wide cyberattacks that may result in a loss of industrial control systems or regulatory non-compliance.

With this in mind, the right governance structures and policy, systems and processes, together with vigilant employees can help to ensure that Sembcorp stays prepared in the face of potential cyberthreats.

Our cybersecurity strategy is underpinned by our Cybersecurity Framework. Our chief digital officer leads the team responsible for cybersecurity and reports to our board's

Audit Committee quarterly. Our management systems are designed in line with industry best practices such as the National Institute of Standards and Technology (NIST) Cybersecurity framework and ISO27001. Some of our plants are certified to ISO27001. Cybersecurity is audited annually. It is also included in our Internal Audit department's annual work plan. We conduct regular vulnerability assessments, including vulnerability assessment penetration testing.

In 2020, we held numerous workshops, table-top exercises, as well as global phishing exercises. We launched a cybersecurity awareness month which threw the spotlight on social engineering, and shared articles and videos among our global workforce. Quarterly newsletters on security threats and best practices were also shared regularly.


Sembcorp's Cybersecurity Framework
(in adherence to NIST Cybersecurity framework)

IDENTIFY	Develop organisational understanding to manage cybersecurity risk to systems, applications and data
PROTECT	Provide appropriate safeguards to ensure confidentiality, integrity and availability of business and ensure delivery of critical infrastructure services
DETECT	Proactively identify the occurrence of cybersecurity events, discover cybersecurity anomalies and other weaknesses in a timely manner within and outside the environment
RESPOND	Effectively manage and respond to cybersecurity events with appropriate actions, whilst containing the impact of potential cybersecurity incidents
RECOVER	Develop and implement the appropriate activities to maintain plans for resilience and to restore any capabilities or services that were impaired due to a cybersecurity event

improprieties in the conduct of business activities, financial reporting or other matters to the Audit Committee. This facilitates an independent investigation of such matters for appropriate resolution. The policy is available on our website and is reviewed regularly.

A whistle-blower may submit his / her allegations or concerns via telephone, email, our online whistle-blowing portal or other communication channels.

The company will take reasonable steps to protect the identity of the whistle-blower. The company does not condone retaliatory action against whistle-blowers. The whistle-blowing case will be received by the Head of GIA and an investigation will be conducted in compliance with the requirements set out in the company's Whistle-blowing Policy.

 Our Whistle-blowing Policy is available in the Reports and Policies section on our Sustainability webpage.

b. Operational Risk Management

The Group's management of operational risk is focused on the following areas:

Crisis management and business continuity

A robust and effective crisis management framework is put in place with the Group's crisis management, emergency response and business continuity procedures and plans. The Group also addresses crises and emergencies through the implementation of appropriate prevention, preparedness, as well as response and recovery programmes.

With operations across the globe, the Group actively monitors emerging threats, formulates and updates our strategies and mitigation measures

accordingly, to prevent disruption to our operations. Focus is placed on establishing a robust and effective crisis management framework that is relevant to the current business environment and risk landscape. Crisis communication procedures are also embedded into the Group's crisis management framework. The Group's crisis management, emergency response and business continuity plans are regularly tested and fine-tuned to ensure that the Group can respond effectively to crises and emergencies, while ensuring that critical business functions can recover and continue in a timely manner. In addition, the Group adopts key standards and practices set out by ISO22301:2012 under Societal Security – Business Continuity Management Systems – Requirements.

Health, Safety, Security and Environment

A group-wide HSSE management system, which is aligned with international standards and industry best practice, sets out the standard for operations in the various markets to actively manage HSSE risks. The Group HSSE department is guided by our Group President & CEO and the board's Risk Committee, reflecting the high priority accorded to HSSE issues at Sembcorp. The group-wide HSSE management system is aligned with ISO14001 and ISO45001 Standards, and provides guidance to business units in systematically managing HSSE risks associated with our activities and services.

Insurance

As a risk transfer mechanism, the Group has in place a comprehensive insurance programme to protect our worldwide business operations against financial loss arising from property damage, machinery breakdown, business interruption and / or third party liability. The

Group has also engaged a panel of insurance consultants, leveraging their technical expertise and resources to negotiate competitive pricing and comprehensive coverage with insurance companies. Sembcorp Captive Insurance, a wholly-owned captive insurance subsidiary, provides first-layer coverage against property damage and business interruption losses for the Group's energy operations in Singapore and Teesside in the UK.

c. Financial, Market and Credit Risk Management

The Group actively manages our financial, market and credit risk exposures with respect to foreign exchange rates, commodity prices and interest rates via established policies, including treasury policies and financial authority limits. These policies set out the parameters for managing the Group's exposure to counterparty, liquidity, foreign exchange and other material transaction risks.

Financial and market risks

The Group defines and utilises approved financial instruments, governed by board approved risk management policies, to manage our exposure to foreign exchange, commodity prices and interest rate fluctuations arising from operational, financing and investment activities. The commodities include fuel oil, coal and natural gas. Transactions such as foreign exchange forwards, interest rate swaps, commodities swaps, purchase of options and contracts for differences are used to manage these risks as appropriate. Transactions are only allowed for hedging purposes based on the underlying business and operating requirements, as transactions for speculative purposes are strictly prohibited. Exposure to foreign currency risk

is also hedged naturally, where possible. In addition, the Group has financial authority limits, which seek to limit and mitigate operational risk by setting out the threshold of approvals required for entering into contractual obligations and investments.

Default and counterparty credit risks

Our default and counterparty credit risks arise from varied counterparties such as customers, vendors, joint venture partners and financial institutions who may fall short of their payment and / or performance obligations. As such, a group-wide credit risk policy has been put in place to ensure that we transact with creditworthy counterparties as much as possible. This is achieved via thorough credit analysis and limit setting prior to entering into any business contract. After entering into business contracts, we perform periodic credit reviews and monitor credit exposures closely to detect signs of credit deterioration. Risk mitigation measures such as parental and banker's guarantees, letters of credit, deposit securities and collateral may be deployed on a case-by-case basis as credit enhancements. We also screen for material concentrations of credit risk to ensure that no single counterparty or group of related counterparties has excessive credit exposure that may result in material impact on the Group in the event of a default.

d. Investment Risk Management

To ensure that prudence is exercised in all investment decisions, the Group has in place an investment approval process, under which a disciplined approach is taken to review the key risks and opportunities presented by potential investments. As part of our investment approval process, all new investments and

transactions are reviewed by a cross-functional project team that provides risk assessments, mitigation measures and recommendations to the respective authorised persons for approval in accordance with the applicable financial authority limits.

In addition, to ensure that Sembcorp maintains appropriate diversification across different geographies, the Group has put in place a country risk framework to monitor and report our investment exposure globally. Furthermore, our investment exposure to each country is regularly reported to the board's Risk Committee. This framework also defines limits that have been approved by the board and stipulates that any deviation from these country limits requires prior board approval according to a set procedure.

As at December 31, 2020, the countries outside of Singapore in which the Group has the largest investment exposure are India (S\$3.8 billion) and China (S\$1.6 billion). Investment exposure comprises invested capital including reserves and committed contingent support for projects and assets.

e. Tax Risk Management

We comply with all relevant taxation laws, regulations and regulatory disclosure requirements.


In 2018, Singapore implemented Country-by-Country (CbC) Reporting for Singapore multinational enterprise (MNE) groups. During the financial year, we filed the CbC report in compliance with the submission requirements of the Inland Revenue Authority of Singapore.

With regard to our approach to tax risk management, our tax policy stipulates the following:

- Comply with relevant taxation laws and regulations and other regulatory disclosure requirements
- Apply diligent professional care and judgement to arrive at well-reasoned recommendations, supplemented by advance rulings from tax authorities, written advice and confirmation from external tax advisors / experts, as appropriate
- Ensure that all decisions are taken at an appropriate level and supported by a business purpose / commercial rationale and the appropriate documentation
- Establish and maintain adequate documentation of the Group's tax risk evaluation and tax risk management, and update the Group's tax risk management policies including internal controls, as and when appropriate
- Develop respectful professional relationships with all tax authorities, government bodies and other related third parties

Performance

The Group has completed the transition from Governance Assurance Framework to an Integrated Assurance Framework (IAF) to put greater emphasis on the three lines of defence model.

 For more details on our IAF, please refer to page 65 of the Corporate Governance Statement.