sembcorp

Transforming from Brown to Green

Sembcorp Industries Annual Report 2021

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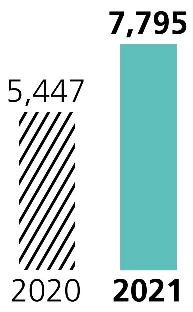
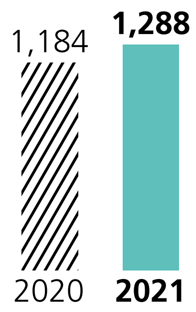
Group FY2021 Highlights

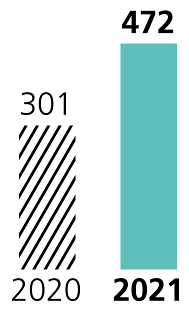
Turnover
▲43%
S$7,795m
US$5,702m



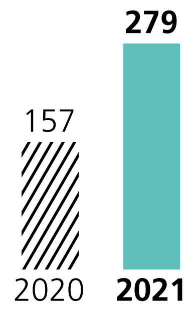
EBITDA[1]
▲9%
S$1,288m
US$942m



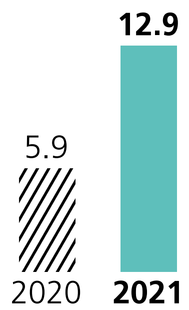
Net Profit before EI
▲57%
S$472m
US$345m



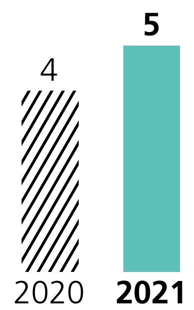
Net Profit
▲78%
S$279m
US$204m



Return on Equity before EI
▲119%
12.9%

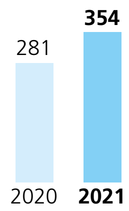


Dividends Per Share
▲25%
5 SG cents
4 US cents

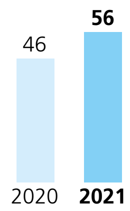


Renewables

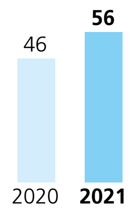
Turnover
▲26%
S$354m
US$259m



Net Profit before EI
▲22%
S$56m
US$41m

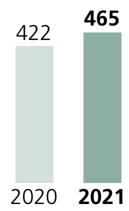


Net Profit
▲22%
S$56m
US$41m

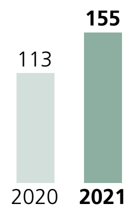


Integrated Urban Solutions

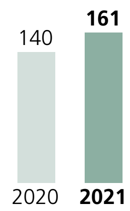
Turnover
▲10%
S$465m
US$340m



Net Profit before EI
▲37%
S$155m
US$113m

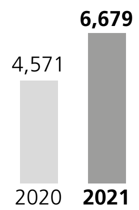


Net Profit
▲15%
S$161m
US$118m

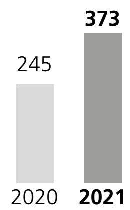


Conventional Energy

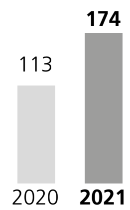
Turnover
▲46%
S$6,679m
US$4,886m



Net Profit before EI
▲52%
S$373m
US$273m



Net Profit
▲54%
S$174m
US$127m



Brown to Green

Sembcorp's strategic plan to transform its portfolio, underpinned by clear 2025 targets

Renewables
6.1GW
of gross renewables capacity installed and under development; on track to achieve 2025 target of 10GW

Integrated Urban Solutions
13,443ha
in gross project size across Vietnam, China and Indonesia, including a new 481-hectare industrial park development in Vietnam's Quang Tri province

Conventional Energy
85%
of the capacity from the 2.6GW supercritical power generation facility in India underpinned by long-term and medium-term contracts

S$1.1 billion
of green and sustainable financing secured in 2021

EI: Exceptional items m: million

[1] EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

Chairman and CEO's Statement

In 2021, we delivered strong performance while making strides in growing our Sustainable Solutions businesses. We also unveiled our strategic plan to transform our portfolio from brown to green.

Dear Shareholders,

2021 started on an optimistic note. We saw progress in the development and rollout of COVID-19 vaccines, and the global economy was recovering. However, uneven economic recovery, high commodity and energy prices, and the outbreak of COVID-19 variants led to considerable risks and uncertainty as we entered another year of living with the pandemic.

Meanwhile, the urgency of moving towards a net-zero future was pressed home with the signing of the Glasgow Climate Pact at COP26, together with the conviction that everyone in our global community has a role to play in building an inclusive and sustainable future. All these developments have served to affirm Sembcorp's brown to green transformation strategy and focus on sustainability as our business.

Transforming our Portfolio from Brown to Green

Driven by Sembcorp's clear purpose to play our part in building a sustainable future, we unveiled in May 2021, our strategic plan to transform our portfolio from brown to green. With our proven track record across Asia and expertise across the renewables and urban solutions sectors, we believe we have the opportunities and capabilities to take advantage of and succeed in the global energy transition and sustainable development.

Our transformation plan is underpinned by clear targets.

- **More sustainable**
  By 2025, we aim for our Sustainable Solutions portfolio to comprise 70% of the Group's net profit before exceptional items and corporate costs. In 2020, our Sustainable Solutions portfolio contributed to around 40% of the same for the Group. By 2025, net profit of our Renewables and Integrated Urban Solutions segments are expected to achieve compound annual growth rate of 30% and 10% respectively, from 2020.
- **More renewables**
  By 2025, we aim to quadruple our gross installed renewables capacity to 10GW. In 2020, our gross installed renewables capacity (comprising wind, solar and energy storage) was 2.6GW.
- **More sustainable urban developments**
  By 2025, we aim to triple our Urban business' land sales to 500 hectares. In 2020, land sales amounted to 172 hectares.
- **Lower carbon emissions**
  Central to our strategy is also our commitment to bold climate action. By 2025, we aim to reduce our greenhouse gas (GHG) emissions intensity to 0.40 tonnes of carbon dioxide equivalent per MW hour (tCO_2e/MWh) from 0.54 tCO_2e/MWh in 2020.

  In addition, we aim to reduce absolute GHG emissions to 2.7 million tCO_2e by 2030. This is a significant 90% reduction from our 2020 levels and a 50% reduction from 2010 baseline. We aim to deliver net-zero emissions by 2050 and have committed to not invest in new coal-fired energy assets.

Strong Performance and Strategic Momentum

In 2021, we delivered strong performance, while making strides in growing our Sustainable Solutions businesses.

We turned in a strong set of earnings in 2021. Turnover was S$7.8 billion, 43% higher than turnover of S$5.4 billion in 2020. Group net profit was S$279 million, 78% higher than 2020. Exceptional items totalling S$193 million were recorded in the year mainly due to a S$212 million impairment for the 49%-owned Chongqing Songzao coal-fired power plant in China. Group net profit before exceptional items grew 57% to S$472 million, due to better performance from all segments, with the biggest contribution from the Conventional Energy segment. Net profit for the Sustainable Solutions businesses comprising the Renewables and Integrated Urban Solutions segments grew by 33% and accounted for 35% of the Group's net profit before exceptional items and corporate costs in 2021.

In view of the Group's strong performance, the Board has proposed a final dividend of 3.0 cents per ordinary share, subject to shareholders' approval. Together with the interim dividend of 2.0 cents per ordinary share paid in August 2021, this brings our total dividend for the year to 5.0 cents per ordinary share.

With a focus on growing our Renewables and Integrated Urban Solutions businesses in Southeast Asia, China and India, we set out plans to strengthen our capabilities, build on partnerships, and leverage our urban businesses as platforms for growth. 2021 saw strategic momentum on all these fronts.

Driving Growth in Sustainable Solutions

Less than a year into executing Sembcorp's strategic transformation plan, we are making good progress. During the year, an additional 2.9GW of renewable energy projects were secured. We also officially opened the 60MWp Sembcorp Tengeh Floating Solar Farm in Singapore in July 2021. One of the largest inland floating solar farms in the world, the project is a showcase of our solar capabilities as a leading regional renewable energy player.

> Less than a year into executing Sembcorp's strategic transformation plan, we are making good progress.

In November 2021, we announced the acquisition of a 98% stake in a 658MW portfolio of operational wind and solar photovoltaic (PV) assets in China, which will provide a scalable platform to drive our growth in the country. This was followed by the acquisition of a 35% interest in SDIC New Energy in December 2021,

>> The 60MWp Sembcorp Tengeh Floating Solar Farm in Singapore, one of the largest inland floating solar farms in the world

Chairman and CEO's Statement

>> Wind project in Jiuqian, Gansu province, China. This project is part of the 1.9GW SDIC New Energy portfolio in which Sembcorp owns a 35% interest

which has since been completed. The SDIC New Energy portfolio consists of 1.9GW of operational wind and solar PV assets located across seven provincial regions in China. Upon completion of the 658MW portfolio acquisition, expected in the first half of 2022, our gross renewables capacity will have grown to 6.1GW, almost double from the 3.2GW as at end 2020. We are pushing confidently towards our target of 10GW of gross installed renewables capacity by 2025.

At the same time, we recognise that the path to a net-zero emissions future will require innovation and technological transformation. To this end, we continue to work with like-minded partners. In 2021, we signed a strategic memorandum of understanding with Chiyoda Corporation and Mitsubishi Corporation to explore the feasibility and implementation of a commercial-scale supply chain to deliver decarbonised hydrogen into Singapore, utilising Chiyoda's proven hydrogen storage and transportation technology "SPERA Hydrogen™". In the UK, we also started our collaboration with Zero Degrees Whitetail Development to explore the development of the UK's first net-zero emissions NET Power station at Wilton International on Teesside.

For the Integrated Urban Solutions segment, we continue to focus on building our land bank of urban developments. In March 2021, we received the investment licence to develop a 481-hectare new industrial park in Quang Tri province, Vietnam. The province has been earmarked as a future economic hub along the East-West Economic Corridor linking Vietnam, Laos, Thailand and Myanmar. With the establishment of the joint venture company completed in February 2022, we now have 15 urban projects strategically located across Vietnam, China and Indonesia, which provide platforms to leverage our businesses' synergies and drive future growth in sustainable solutions. In 2021, the Urban business performed well, recording 168 hectares of land sales and a net orderbook of 279 hectares, despite COVID-19 related restrictions in Vietnam and Indonesia.

With our proven track record across Asia and expertise across the renewables and urban solutions sectors, we believe we have the opportunities and capabilities to take advantage of and succeed in the global energy transition and sustainable development.

Executing our Financing Strategy

To grow our Sustainable Solutions portfolio, we expect to invest approximately S$5.5 billion from 2021 to 2025. In line with this focus, we launched the Sembcorp Green Financing Framework as well as the Sembcorp Sustainable Financing Framework, and successfully raised S$1.1 billion of green and sustainable financing within the year. In June 2021, we issued the first certified green bond by a Singapore-based energy company under the Climate Bonds Standard, raising S$400 million with a 10-year tenor and a fixed interest rate of 2.45%. This was followed by the successful issuance of a 10.5-year S$675 million sustainability-linked bond (SLB) in October 2021 at a fixed interest rate of 2.66%, the first issuance by an energy company in Southeast Asia and the region's largest issuance at the time of launch. The SLB was anchored by an investment of S$150 million from International Finance Corporation (IFC), and marked IFC's first SLB investment globally. The integration of our sustainability targets into our financing strategy underscores our commitment to transform our portfolio, and we have been heartened by the strong support received from investors.

A Note of Welcome and Thanks

On behalf of the management and board, we would like to extend a warm welcome to Lim Ming Yan and Tow Heng Tan, who joined us in January 2021 and June 2021 respectively. Mr Lim is chairman of the Singapore Business Federation and chairman of Workforce Singapore. He was previously president and group chief executive officer of CapitaLand. Mr Tow is chief executive officer at private equity firm Pavilion Capital International. He previously served as the chief investment officer of Temasek International, senior director of DBS Vickers and managing director of Lum Chang Securities. We would also like to thank our non-executive and independent director Nicky Tan Ng Kuang, who will be retiring from our board at the upcoming annual general meeting. We are grateful to Mr Tan for his dedicated service and wise counsel, which has benefitted the board and company.

We would like to express our gratitude to our shareholders and stakeholders for your continued support. Special mention and thanks must go to our employees. Amidst an incredibly challenging and volatile market, we embarked on our transformation journey. Putting the institution first, the global Sembcorp team has risen to the challenge admirably, with courage, agility and dedication. They continued to provide uninterrupted essential services to our customers and communities throughout the pandemic, drove change and delivered on performance.

Sustainability is Sembcorp's business.

Sustainability is Sembcorp's business. Our commitment to transform our portfolio from brown to green is unwavering. Our strategy and targets are clear. Our focus on execution is delivering results. We look forward to you journeying with us as we continue to accelerate our transformation and deliver lasting value and growth for all our stakeholders.

Ang Kong Hua
Chairman
February 23, 2022

Wong Kim Yin
Group President & CEO
February 23, 2022

>> VSIP Hai Phong in northern Vietnam is home to multinational companies and leading local enterprises

Sustainability Is Our Business > A multi-decade sustainable solutions opportunity

Sembcorp is well-placed to contribute to Asia's energy and sustainability transition

Right Industry
Global Megatrends

Decarbonisation

50% of global power generation to come from renewable sources by 2035[1]

Electrification

Electricity demand to **double** by 2050, driven by electric vehicles and electrification in buildings and industry[1]

Urbanisation

Economic centre of gravity shifting to Asia, with urban population increasing to **66%** in 2050[1]

Right Time
Strong Momentum on Sustainability

Commitments and Targets[2]

India
- Increase non-fossil power generation capacity to 500GW by 2030
- To achieve 50% of energy requirement from renewable energy sources by 2030
- To reach net-zero by 2070

China
- To reach peak carbon dioxide emissions before 2030
- To reach 1,200GW in solar and wind capacity by 2030
- To reach carbon neutrality by 2060

Vietnam
- Renewable energy to reach 15-20% of total primary energy supply by 2030, and 25-30% by 2050
- To reach net-zero by 2050
- National Green Growth Strategy (2021-2030) launched in October 2021

Singapore
- Increase solar deployment to 1.5GWp by 2025, and at least 2GWp by 2030
- Singapore Green Plan 2030 launched in February 2021
- To achieve net-zero emissions by or around mid-century

Right Place
High Growth Markets

Southeast Asia, China and India

Southeast Asia, China and India

Forecasted Market Size for Renewables[3]

2020 **649GW** → **2025** **1,295GW**

Five-year CAGR (2020-2025)

15%

Total Addressable Market Opportunity of

>600GW

between 2020 and 2025

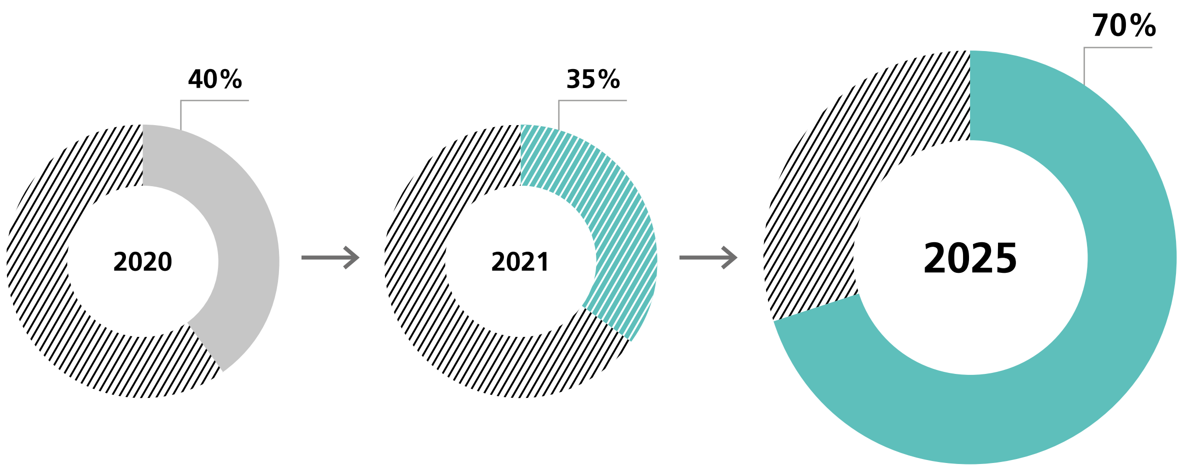
[1] Decarbonisation and Electrification: McKinsey Global Energy Perspective 2019, 2021; Urbanisation: UN World Urbanization Prospects: The 2018 Revision
[2] India and China: announcements made before or during the COP26 UN Summit; Vietnam: National Green Growth Strategy (2021-2030); Singapore: Singapore Green Plan 2030 and Singapore Budget 2022 Statement
[3] GlobalData forecasts for wind and solar

Sustainability Is Our Business > Transforming our portfolio from brown to green

2025 Targets

MORE Sustainable

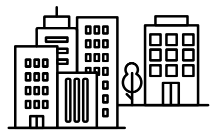
Increase share of net profit from Sustainable Solutions[1] to **70%**



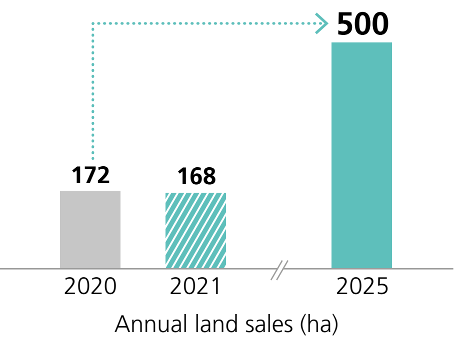
MORE Sustainable Urban Developments

Leverage partnerships, track record and land bank

Synergistic platform to grow sustainable urban solutions



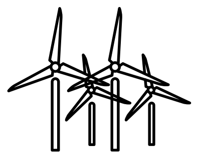
Triple
annual land sales in the Urban business



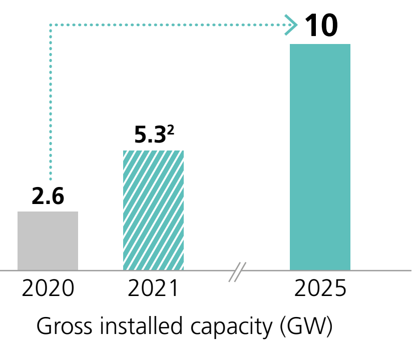
MORE Renewables

Leverage established footprint and capabilities to grow

Focus on
- Organic growth
- Selective M&A and partnerships
- Capital recycling



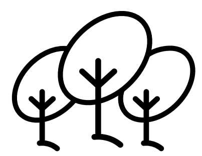
Quadruple
gross installed capacity



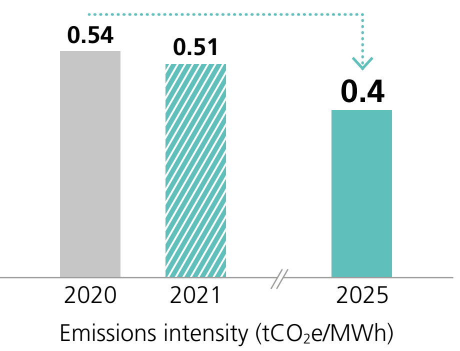
LOWER Carbon Emissions

Committed to reduce absolute GHG emissions[3] by 90% from 2020 baseline to 2.7 million tCO_2e by 2030 and deliver net-zero emissions by 2050

No investments in new coal-fired energy assets



Reduce GHG emissions intensity by
25%



[1] Excludes corporate costs and exceptional items. Sustainable Solutions include Renewables (wind, solar and energy storage) and Integrated Urban Solutions (urban, water, waste and waste-to-resource)
[2] This figure includes the acquisitions announced in November and December 2021
[3] GHG emissions (absolute) include direct emissions (Scope 1) from our activities and indirect emissions (Scope 2) from our energy consumption

Sustainability Is Our Business > Well-positioned to be a leading Pan-Asian provider of sustainable solutions

Across Segments

Renewables & Integrated Urban Solutions

Renewables	6.1GW
Wind	4,747MW
Solar	1,263MW
Energy Storage	124MWh
Urban	13,443ha

Across Geographies

Early entrant in Asian growth markets

UK

Operating one of the largest energy storage portfolios in the UK, which is at the forefront of the global energy transition

120MWh

India

Leading wind energy player with one of the largest self-O&M portfolios

1,874MW 465MW

China

Established presence in the renewables and urban sectors

2,873MW 388MW 2,850ha

Vietnam

Brand name for urban development

9,733ha 90MW

Singapore

A leading solar energy player in Singapore

320MW 4MWh

Indonesia

860ha

Note:

Gross capacity installed and under development (GW, MW and MWh) for Renewables and gross project size (ha) for Urban are as at February 2022

Gross capacity installed, including the acquisition announced in November 2021 pending completion, stands at 5.3GW. Another 847MW of renewables capacity under development will be completed in 2022-2023

Group Financial Review

Financial Highlights

	2021	2020	Change (%)
For the Year *(S$ million)*			
Turnover	**7,795**	5,447	43
Renewables	**354**	281	26
Integrated Urban Solutions	**465**	422	10
Sustainable Solutions[1]	**819**	703	17
Conventional Energy	**6,679**	4,571	46
Other Businesses and Corporate	**297**	173	72
Adjusted EBITDA	**1,494**	1,417	5
– Earnings before interest, tax, depreciation and amortisation (EBITDA)[2]	**1,288**	1,184	9
– Share of results: Associates & JVs, net of tax	**206**	233	(12)
Profit before tax	**423**	211	100
Net profit before exceptional items	**472**	301	57
Renewables	**56**	46	22
Integrated Urban Solutions	**155**	113	37
Sustainable Solutions[1]	**211**	159	33
Conventional Energy	**373**	245	52
Other Businesses and Corporate	**(112)**	(103)	(9)
Exceptional items	**(193)**	(144)	(34)
Net profit	**279**	157	78
Capital Position *(S$ million)*			
Owners' funds	**3,767**	3,339	13
Total assets	**14,395**	13,562	6
Net debt	**6,047**	6,696	(10)
Operating cash flow	**1,219**	491	148
Free cash flow	**1,335**	719	86
Capital expenditure and equity investment	**321**	271	18
Shareholder Returns			
Net assets per share *(S$)*	**2.12**	1.87	13
Earnings per share *(cents)*	**15.63**	(56.81)	NM
Earnings per share – continuing operations *(cents)*	**15.63**	7.84	99
Dividends per share *(cents)*	**5.0**	4.0	25
Distribution per share	**–**	4.911 SCM Shares for each SCI Share held[3]	NM
Last traded share price *(S$)*	**2.00**	1.70	18
Total shareholders return *(%)*	**20**	51	NM

NM: not meaningful

[1] The Sustainable Solutions businesses comprise the Renewables and Integrated Urban Solutions segments

[2] EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

[3] On September 11, 2020, Sembcorp Industries (SCI) distributed Sembcorp Marine (SCM) shares for each SCI share held by entitled SCI shareholders at the record date

Overview

Sembcorp's vision is to be a leading provider of sustainable solutions. The Group has laid out a strategic roadmap to transform its portfolio from brown to green, by focusing on growing our Renewables and Integrated Urban Solutions businesses. The Group's businesses are grouped under four main segments, namely Renewables, Integrated Urban Solutions, Conventional Energy, and Other Businesses and Corporate. The Renewables and Integrated Urban Solutions businesses collectively form our Sustainable Solutions portfolio. Prior to the Group's demerger with Sembcorp Marine in 2020, the main segments were Energy, Marine, and Urban.

Turnover

The Group achieved a turnover of S$7.8 billion compared to S$5.4 billion in 2020. The increase was driven by improvements across all segments, with the biggest contribution from Conventional Energy at 86% of Group turnover.

The Renewables segment recorded a turnover of S$354 million, 26% higher compared to 2020 and driven by higher contribution from solar, wind and energy storage businesses. The Integrated Urban Solutions segment recorded a turnover of S$465 million, 10% higher compared to 2020, mainly due to new contracts and business acquired by the waste management business in Singapore. The water business in China also saw better contribution, despite the absence of contribution from water business that was divested in 2020. The Conventional Energy segment achieved turnover of S$6.7 billion, 46% higher compared to 2020, on higher energy demand in India, Singapore and the UK. Other Businesses and Corporate segment reported turnover of S$297 million, 72% higher compared to 2020, mainly from the resumption of business activity of the construction business.

Net Profit

Group net profit before exceptional items grew 57% to S$472 million, due to better performance from all segments, with the biggest contribution from the Conventional Energy segment. In 2021, exceptional items totalling a negative S$193 million were recognised. This comprised a S$212 million impairment for the 49%-owned Chongqing Songzao coal-fired power plant in China, a S$6 million gain from the divestment of Sembcorp Jingmen Water Co and a S$13 million gain from the UK land sales and connection fee income.

The Renewables segment recorded a net profit of S$56 million in 2021 compared to S$46 million in 2020, driven mainly by higher contribution from the wind business. Net profit before exceptional items from the Integrated Urban Solutions segment was S$155 million compared to S$113 million in 2020. The higher contribution was attributable to stronger performance from the Urban business and Waste and Waste-to-resource businesses. Sustainable Solutions comprising the Renewables and Integrated Urban Solutions segments accounted for 35% of Group net profit before exceptional items and corporate costs in 2021.

In 2021, the Conventional Energy segment posted a net profit before exceptional items of S$373 million compared to S$245 million in 2020. This was mainly due to better performance in India, Singapore and the UK on higher energy demand and margins in the fourth quarter of 2021.

Cash Flow and Liquidity

As at December 31, 2021, the Group's cash and cash equivalents was S$1.3 billion. Net cash from operating activities before changes in working capital stood at S$1.3 billion, while net cash from operating activities was S$1.2 billion. Compared to 2020, net cash from operating activities before changes in working capital improved on better operating performance. The change in working capital was mainly due to high fuel oil prices, which resulted in higher receivables and payables.

Net cash used in investing activities was S$100 million, mainly for the purchase of fixed assets for the Renewables segment, partially offset by proceeds from dividend, interest and divestments. Net cash used in financing activities was S$855 million, mainly for repayment of borrowings and interest.

Financial Position

Group shareholders' funds increased to S$3.8 billion as at December 31, 2021, from S$3.3 billion as at December 31, 2020.

Current assets increased mainly from trade and other receivables. The increase in trade and other receivables was in line with higher revenue in the gas and related businesses in Singapore and the UK consequent to the higher gas and power prices, which also resulted in higher cash collateral placed on deposits.

Current liabilities increased mainly due to higher fuel cost accrued from the Singapore and the UK businesses, resulting in higher trade and other payables. The increase also included an amount owing in the margin account as a result of withdrawal against net unrealised gain, driven by the high oil commodity forward price.

Non-current liabilities decreased in 2021 mainly due to lower long-term interest-bearing borrowings. Interest-bearing borrowings decreased mainly due to repayments in the year and reclassification of Sembcorp Energy India Limited's loan to current as they are due within the next 12 months, offset by the issuance of green bond and sustainability-linked bond.

Shareholder Returns

In 2021, return on equity was 7.9% and earnings per share amounted to 15.6 cents. Subject to approval by shareholders at the next annual general meeting, a final dividend of 3.0 cents per ordinary share has been proposed. Together with the interim dividend of 2.0 cents per ordinary share paid in August 2021, this brings the Group's total dividend for the financial year ended December 31, 2021 to 5.0 cents per ordinary share.

Group Financial Review

Five-year Financial Performance

	2021	2020[1]	2019	2018	2017
For the Year *(S$ million)*					
Turnover	**7,795**	5,447	9,618	11,689	9,026
Adjusted EBITDA	**1,494**	1,417	1,719	1,453	1,687
– Earnings before interest, tax, depreciation and amortisation (EBITDA)[2]	**1,288**	1,184	1,535	1,279	1,523
– Share of results: Associates & JVs, net of tax	**206**	233	184	174	164
Profit before tax	**423**	211	295	420	611
Net profit from continuing operations	**279**	157	247	347	383
Discontinued operation (including loss on the Distribution)	**–**	(1,154)	–	–	–
Net profit	**279**	(997)	247	347	383
At Year End *(S$ million)*					
Property, plant and equipment, right-of-use assets and investment properties	**7,232**	7,339	12,331	11,782	11,249
Other non-current assets	**3,230**	3,219	4,826	5,215	4,004
Net current assets	**1,028**	877	83	748	2,159
Non-current liabilities	**(7,572)**	(7,959)	(9,361)	(9,807)	(9,238)
Net assets	**3,918**	3,476	7,879	7,938	8,174
Share capital and reserves	**3,767**	3,339	6,871	6,788	6,944
Non-controlling interests	**151**	137	1,008	1,150	1,230
Total equity	**3,918**	3,476	7,879	7,938	8,174
Per Share					
Earnings *(cents)*	**15.63**	(56.81)	11.81	16.98	19.06
Net assets *(S$)*	**2.12**	1.87	3.85	3.80	3.88
Dividends *(cents)*	**5.0**	4.0	5.0	4.0	5.0

[1] Following the completion of the distribution *in specie* of ordinary shares in the capital of Sembcorp Marine Ltd to Sembcorp Industries shareholders, the performance of the Marine business for the period from January 1, 2020 to September 11, 2020 was reported as a discontinued operation

[2] EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

2021

Sembcorp posted a turnover of S$7.8 billion and net profit of S$279 million in 2021, compared to S$5.4 billion and S$157 million respectively in 2020. Excluding exceptional items, net profit grew 57% to S$472 million.

In 2021, the Renewables segment contributed a net profit of S$56 million, up 22% from 2020. The increase was mainly driven by the wind business in India with income from sale of green attributes and steady performance in China.

The Integrated Urban Solutions segment contributed a net profit of S$161 million, up 15% from 2020. An exceptional item related to a S$6 million gain from the divestment of Sembcorp Jingmen Water Co was recorded in 2021. Excluding the exceptional item, net profit of S$155 million was 37% higher than 2020. The better performance was contributed by higher land sales and prices for the Urban business in 2H2021, and improvements in the waste and waste-to-resource businesses in 2021 as operations were impacted by COVID-19 in 2020.

The Conventional Energy segment contributed a net profit of S$174 million, up 54% from 2020. Exceptional items in 2021 comprised a S$212 million impairment of Chongqing Songzao power plant and a S$13 million gain from the UK land sales and connection fee income. Excluding the exceptional items, net profit of S$373 million was 52% higher than 2020. The increase was mainly attributable to higher profit contribution from the Singapore and the UK merchant markets, which were able to capture the high power prices by making optimal decisions. Performance for the India thermal operations were also better than 2020 due to higher Indian Energy Exchange prices. Finance cost reduced on principal loan repayments in India, offset by higher tax expense due to higher profit and higher deferred tax expense in the UK.

The Other Businesses and Corporate segment reported a net loss of S$112 million, a 21% improvement from a net loss of S$142 million in 2020. Excluding exceptional items, net loss in 2021 was S$112 million compared to net loss of S$103 million in 2020. Higher corporate cost was due to a S$10 million allocation to the Sembcorp Energy for Good Fund as well as an increase in group-wide provision for incentives to drive the achievement of our transformation targets, and for building capabilities to achieve our brown to green transition. This was partially mitigated by the resumption of business activity for Sembcorp Specialised Construction, which was impacted by COVID-19 in 2020.

2020

On September 11, 2020, Sembcorp Industries completed the distribution *in specie* of ordinary shares in the capital of Sembcorp Marine Limited (SCM) to its shareholders (the Distribution). Consequent to the Distribution, the performance of the Marine segment for the period from January 1, 2020 to September 11, 2020 was reported as a discontinued operation.

Sembcorp posted a turnover of S$5.4 billion and net profit of S$157 million from continuing operations. Excluding exceptional items and the discontinued Marine business, net profit in 2020 was S$301 million compared to S$456 million in 2019. Including the Marine business and exceptional items, the Group recorded a net loss of S$997 million for 2020, compared to a net profit of S$247 million in 2019.

The net loss of S$997 million was mainly due to a non-cash, non-recurring fair value loss on distribution and a net loss of S$184 million from the Marine business prior to the Distribution. The Group's carrying value for all of its SCM's shares at the date of the Distribution was S$2.6 billion. The Distribution, measured at fair value using the closing price of SCM shares of S$0.182 prior to the Distribution, amounted to S$1.6 billion. Distribution at fair value less transaction costs of S$6 million resulted in a S$970 million loss on Distribution for the Group.

The Group's exceptional items totalled a negative S$144 million in 2020. The Energy and Other Businesses segments accounted for a negative S$137 million and a negative S$39 million of exceptional items respectively. This was offset by S$32 million of positive exceptional items from the Urban business.

In 2020, the Energy business contributed a net profit of S$160 million to the Group, compared to S$195 million in 2019. Net profit before exceptional items was S$297 million, down 18% from S$360 million in 2019. Net profit before exceptional items in 2019 also benefitted from one-off insurance and vendor settlements.

The Urban business contributed a net profit before exceptional items of S$60 million, compared to S$117 million in 2019. Net profit from the Urban business in 2019 included the recognition of S$71 million from the sale of residential units in *Riverside Grandeur* in Nanjing, China. Growth in 2020 was driven by strong land sales achieved at Nanjing Eco Hi-tech Island and Kendal Industrial Park.

2019

Sembcorp posted a turnover of S$9.6 billion and net profit of S$247 million in 2019, compared to S$11.7 billion and S$347 million respectively in 2018. Excluding exceptional items, net profit grew 17% to S$395 million.

In 2019, the Energy business contributed a net profit of S$195 million to the Group, compared to S$312 million in 2018. Net profit before exceptional items was S$360 million, up 12% from S$321 million in 2018, with overseas markets performing better. China recorded a 22% growth in net profit while India doubled its net profit from 2018. The better performance in the UK was driven by the recognition of revenue from the capacity market, which resumed in 4Q2019.

Exceptional items recorded by the Energy business in 2019 amounted to a negative S$165 million. This comprised impairments of S$245 million and S$7 million of additional provision for potential fines and claims at Sembcorp Nanjing SUIWU in China, offset by net gains of S$86 million from the divestment of businesses and assets.

The Marine business turned in a net loss of S$85 million to the Group in 2019, compared to a net loss of S$48 million in 2018. The loss recorded in 2019 was mainly due to accelerated depreciation for the Tanjong Kling Yard and continued low overall business volume.

The Urban business delivered another year of record profit in 2019. Net profit grew 36% to S$117 million in 2019 compared to S$86 million in 2018, driven by profit recognition from the successful completion and handover of *Riverside Grandeur*, a wholly-owned residential development in China.

Group Financial Review

2018

In 2018, Sembcorp adopted the Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS) frameworks, as well as the new accounting standards that are effective on January 1, 2018. Accordingly, 2017 financial figures have been re-presented in accordance with SFRS(I) for comparison against 2018 financial figures.

Sembcorp recorded a turnover of S$11.7 billion and net profit of S$347 million. Compared to 2017, turnover was 30% higher, while net profit was 9% lower. 2017 turnover and net profit, in accordance with SFRS(I), was S$9.0 billion and S$383 million respectively.

The Energy business contributed a net profit of S$312 million to the Group, compared to S$140 million in 2017. Net profit before exceptional items was S$321 million, up 23% compared to S$261 million in 2017, with Singapore, China and India being the main contributors. However, the increase in 2018 net profit was partially offset by provisions made for the delayed start-up of the Sembcorp Myingyan Independent Power Plant in Myanmar, and losses at UK Power Reserve (UKPR).

Exceptional items recorded by the Energy business in 2018 amounted to a negative S$9 million. These comprised S$23 million of divestment gains, S$25 million of additional provision for potential fines and claims at an overseas water business, as well as a non-cash S$7 million expensing of capitalised cost at UKPR on refinancing.

The Marine business reported a loss of S$48 million in 2018, compared to a net profit of S$157 million in 2017, in accordance with SFRS(I). The loss in 2018 was mainly due to loss from the sale of a semi-submersible rig and continued low overall business volume. Meanwhile, the Urban business continued to deliver good performance with steady contributions from Vietnam and China. 2018 net profit was S$86 million, slightly higher than the net profit of S$83 million in 2017.

2017

The 2017 review is based on reported financials prepared under Singapore Financial Reporting Standards.

Sembcorp posted a net profit of S$231 million and turnover of S$8.3 billion in 2017, compared to S$395 million and S$7.9 billion respectively in 2016.

The Energy business contributed S$140 million in net profit to the Group, compared to S$348 million in 2016. Excluding exceptional items, the business delivered a net profit of S$261 million. Singapore operations continued to perform well, mitigating the weak performance of our second thermal power plant in India, and the absence of contribution from the Yangcheng power project in China, following the expiry of its cooperative joint venture agreement. Singapore operations were the largest contributor to the Energy business' net profit before exceptional items.

Exceptional items recorded by the Energy business in 2017 amounted to a negative S$121 million. These included a provision of S$25 million for potential fines and claims at an overseas water business, impairment charges of S$56 million and S$39 million in refinancing cost incurred for our second thermal power plant in India.

The Marine business' net profit contribution to the Group was S$7 million in 2017, compared to S$48 million in 2016. The lower net profit in 2017 was mainly due to lower overall business volume, especially in rigs and floaters, and offshore platforms. Meanwhile, the Urban business reported a net profit of S$83 million, up from S$33 million in 2016. The business' strong performance was driven by higher contributions from all its operating markets and, in particular, higher sales in China.

Critical Accounting Policies

Sembcorp's financial statements are prepared in accordance with SFRS(I) and IFRS.

With effect from January 1, 2021, the Group has applied the following amendments to SFRS(I)s:

- Amendments to SFRS(I) 16 COVID-19 *– Related Rent Concessions*
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2 (IBOR Phase 2)*

In accordance with the transition provisions, the IBOR Phase 2 amendments are applied retrospectively to hedging relationships and financial instruments. The Group's comparative amounts have not been restated. Since the Group has no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at December 31, 2020, there is no impact on opening equity balances as a result of retrospective application.

The adoption of these amendments to standards and interpretations does not have a material effect on the financial statements.

Value Added and Productivity Data

In 2021, the Group's total value added was S$2.0 billion. This was absorbed by employees in wages, salaries and benefits of S$494 million, by governments in income and other taxes of S$62 million and by providers of capital in interest and dividends of S$530 million, leaving a balance of S$949 million reinvested in business.

Value Added Statement

	2021	2020	2019	2018	2017
Value Added from					
Turnover	**7,795**	5,447	9,618	11,689	9,026
Less: Bought-in materials and services	**(6,115)**	(4,075)	(7,458)	(9,699)	(6,753)
Gross value added	**1,680**	1,372	2,160	1,990	2,273
Investment, interest and other income	**216**	228	526	328	421
Share of results: Associates & JVs, net of tax	**206**	233	184	174	164
Other non-operating expenses	**(67)**	(88)	(147)	(93)	(229)
	2,035	1,745	2,723	2,399	2,629
Distribution					
To employees in wages, salaries and benefits	**494**	396	820	759	807
To governments in income and other taxes	**62**	37	233	149	104
To providers of capital in:					
Interest on borrowings	**423**	461	586	508	527
Dividends to owners	**107**	2,615	71	71	125
Profit attributable to perpetual securities holders	**–**	17	36	43	43
	1,086	3,526	1,746	1,530	1,606
Retained in Business					
Depreciation and amortisation	**457**	444	682	595	571
Deferred tax expense / (credit)	**63**	(25)	(91)	(7)	65
Retained profits	**172**	(2,443)	140	232	215
Non-controlling interests	**21**	22	(30)	(15)	110
	713	(2,002)	701	805	961
Other non-operating expenses	**236**	221	276	64	62
	949	(1,781)	977	869	1,023
Total Distribution	**2,035**	1,745	2,723	2,399	2,629

Productivity Data[1]

	2021	2020[2]	2019	2018	2017
Average staff strength	**5,740**	5,426	16,575	16,578	16,288
Employment costs *(S$ million)*	**494**	396	820	759	807
Profit after tax per employee *(S$'000)*	**52**	33	13	20	30
Value added *(S$ million)*	**1,680**	1,372	2,160	1,990	2,273
Value added per employee *(S$'000)*	**293**	253	130	120	140
Value added per dollar employment costs *(S$)*	**3.40**	3.46	2.63	2.62	2.82
Value added per dollar investment in property, plant and equipment *(S$)*	**0.16**	0.13	0.13	0.12	0.15
Value added per dollar sales *(S$)*	**0.22**	0.25	0.22	0.17	0.25

[1] The figures above reflect data for core businesses only

[2] The results of the Marine business are excluded in the figures from 2020 onwards following the completion of the distribution in specie of ordinary shares in the capital of Sembcorp Marine Limited to Sembcorp Industries shareholders in September 2020

Group Financial Review

Treasury Management

Sembcorp Financial Services (SFS), the Group's wholly-owned treasury vehicle, manages the Group's financing and treasury activities in Singapore and oversees such activities in other markets together with the respective business units. In addition, funds borrowed by SFS are on-lent to businesses within the Group, where appropriate.

SFS and its overseas treasury units undertake active cash management by setting up cash pooling structures in various countries, utilising surplus funds from businesses and lending to those with funding requirements. It also actively manages the Group's excess cash using a number of financial institutions, and closely tracks developments in the global banking sector. We believe such proactive cash management continues to be an efficient, cost-effective way of managing the Group's cash and meeting our funding requirements.

Facilities

As at December 31, 2021, the Group's total credit facilities, including our Multicurrency Debt Issuance Programme, amounted to S$14.0 billion (2020: S$14.3 billion). This comprised borrowing facilities of S$12.5 billion (2020: S$12.7 billion) and trade-related facilities of S$1.5 billion (2020: S$1.6 billion), including but not limited to bank guarantees, letters of credit, bid bonds and performance bonds.

Borrowings and Bond Issuances

The Group aims to closely align the structure and maturity profile of our debt book with the commercial profile of our core assets, while focusing on maintaining adequate liquidity for our businesses. We continue to build on our banking relationships to ensure that we are able to secure funding on competitive terms, as and when commercially viable and strategically attractive opportunities arise.

In June 2021, SFS issued its inaugural S$400 million Green Bond under our S$3 billion Multicurrency Debt Issuance Programme to grow our renewables portfolio. With this offering, we have successfully issued the first Certified green bond under the Climate Bonds Standard by a Singapore-based energy company. The net proceeds of the Green Bond will be used to finance or refinance, in whole or in part, new or existing renewable energy projects which fall in the list of Eligible Green Projects in the Sembcorp Green Financing Framework and that meet Climate Bonds Initiative sector-specific technical criteria.

In October 2021, we issued a S$675 million Sustainability-linked Bond (SLB), anchored by an investment of S$150 million from International Finance Corporation (IFC) linking improvement in performance against tailor-made environmental, social and governance targets. The interest rate of the bond will be subject to a step-up margin of 0.25% p.a. from the first interest payment date on or after April 1, 2026 if the stated Sustainability Performance Targets (SPT) of greenhouse gas emissions intensity reduction to 0.40 tCO_2e/MWh or lower is not achieved by December 31, 2025. Our SLB has been issued in accordance with the newly established Sembcorp Sustainable Financing Framework, which outlines Sembcorp's strategic approach, key performance indicators and SPTs for its sustainability-linked transactions. Net proceeds from the bond will be used for the purposes of financing the general corporate working capital requirements of Sembcorp and its subsidiaries, refinancing the Group's existing debt and / or financing or refinancing of the Group's renewable energy, or potentially, other sustainable projects.

As at December 31, 2021, the Group's gross borrowings amounted to S$7.4 billion (2020: S$7.7 billion). The Group's interest cover improved from 2.4 times in 2020 to 3.0 times in 2021. The Group remains committed to ensuring a diversified funding base and to optimising the cost of funding while working towards achieving prudent financial ratios. We also aim to maintain an efficient and optimal mix of committed and uncommitted facilities.

The overall debt portfolio in 2021 comprised 53% (2020: 37%) of fixed rate debt and 47% (2020: 63%) of floating rate debt. The fixed rate bonds issued in 2021 were partly used to refinance floating rate debt, resulting in an increase in fixed rate debt in the overall debt portfolio. We continue to actively monitor and manage the fixed and floating rate mix of our debt portfolio.

Financing and Treasury Highlights *(S$ million)*

	2021	2020	2019
Source of Funding			
Cash and cash equivalents	**1,344**	1,032	1,767
Borrowing facilities (including the Multicurrency Debt Issuance Programme)			
Committed borrowing facilities	**9,120**	8,298	13,478
Less: Amount drawn down	**(7,157)**	(7,451)	(11,317)
Unutilised committed borrowing facilities	**1,963**	847	2,161
Uncommitted borrowing facilities	**3,349**	4,421	3,533
Less: Amount drawn down	**(234)**	(277)	(283)
Unutilised uncommitted borrowing facilities	**3,115**	4,144	3,250
Total unutilised borrowing facilities	**5,078**	4,991	5,411
Trade-related facilities			
Facilities available	**1,521**	1,584	3,447
Less: Amount used	**(747)**	(894)	(1,352)
Unutilised trade-related facilities	**774**	690	2,095
Funding Profile			
Maturity profile			
Due within one year	**754**	593	2,643
Due between one to five years	**4,165**	5,037	5,532
Due after five years	**2,472**	2,098	2,625
	7,391	7,728	10,800
Debt mix			
Fixed rate debt	**3,941**	2,833	6,914
Floating rate debt	**3,450**	4,895	3,886
	7,391	7,728	10,800

	2021	2020	2019
Debt Ratios			
Interest cover ratio			
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**1,288**	1,184	1,535
Interest on borrowings	**423**	499	586
Interest cover *(times)*	**3.0**	2.4	2.6

	2021	D/C ratio	2020	D/C ratio	2019	D/C ratio
Debt / capitalisation (D/C) ratios						
Sembcorp Industries corporate debt	**4,893**	0.43	4,721	0.42	4,263	0.23
Sembcorp Industries project finance debt	**2,498**	0.22	3,007	0.27	3,636	0.19
Sembcorp Marine debt	**–**	–	–	–	2,901	0.16
Sembcorp Industries Group gross debt	**7,391**	0.65	7,728	0.69	10,800	0.58
Less: Cash and cash equivalents	**(1,344)**	–	(1,032)	–	(1,767)	–
Sembcorp Industries Group net debt / (cash)	**6,047**	0.53	6,696	0.60	9,033	0.48

Renewables Review

Competitive Edge

Leading Pan-Asian provider of innovative renewable energy solutions with 6.1GW of renewable energy capacity installed and under development globally, including a 658MW acquisition pending completion

One of the largest solar energy providers in Singapore, managing a full spectrum of solar capabilities across rooftop, ground-mounted and floating solar projects

Independent power producer in India with one of the highest wind capacity portfolios under self-operations and maintenance

Leveraging established partnerships to grow presence in key markets

Performance Scorecard

Financial Indicators *(S$ million)*

	2021	2020	Change (%)
Turnover[1]	**354**	281	26
Earnings before interest, tax, depreciation and amortisation (EBITDA)[2]	**251**	225	12
Share of results: Associates & JVs, net of tax	**27**	27	–
Adjusted EBITDA[3]	**278**	252	10
Net profit	**56**	46	22
– Net profit before exceptional items	**56**	46	22
– Exceptional items	**–**	–	–
Return on equity before exceptional items *(%)*	**4.6**	4.2	10
Return on equity *(%)*	**4.6**	4.2	10

[1] Turnover figures are stated before inter-segment eliminations

[2] EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

[3] Adjusted EBITDA = EBITDA + Share of results: Associates & JVs, net of tax

The Sembcorp Tengeh Floating Solar Farm, one of the world's largest inland floating solar photovoltaic systems

Key Developments

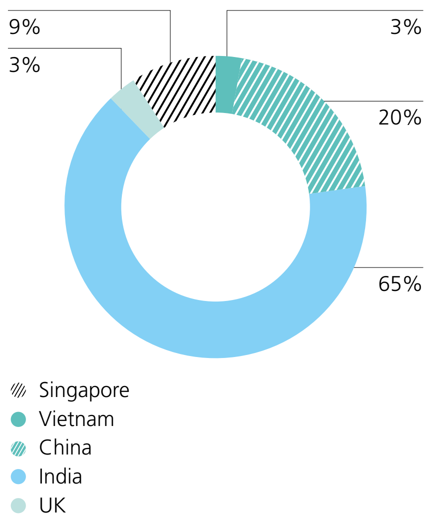
Announced acquisitions of 2.5GW of operational wind and solar photovoltaic (PV) assets in China

Completed the 60MWp Sembcorp Tengeh Floating Solar Farm, one of the world's largest inland floating solar PV systems

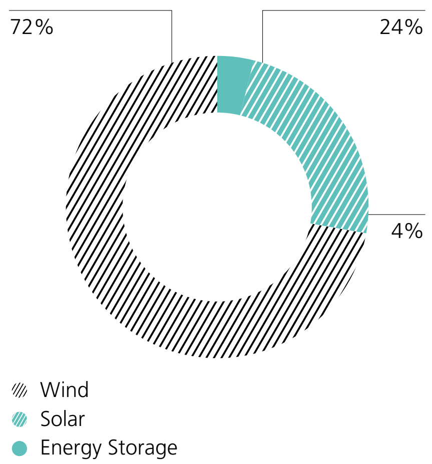
Awarded 180MW wind power project in India, underpinned by a 25-year long-term power purchase agreement

Commenced operations for 10MWh of battery storage in the UK, bringing total operational capacity to 70MWh

Gross Renewables Capacity by Country



Gross Renewables Capacity by Technology Type



As at December 31, 2021

Sembcorp's renewables portfolio comprises wind, solar and energy storage assets in China, India, Singapore, the UK and Vietnam.

Turnover for the Renewables segment was S$354 million, 26% higher compared to turnover of S$281 million registered in 2020. Net profit was S$56 million, an increase of 22% from S$46 million in 2020, driven mainly by higher contribution from the wind business.

In India, the operational wind capacity as at end 2021 was 1.7GW. Wind generation was higher at 3.6TWh in 2021 compared to 3.5TWh in 2020 as there was full year contribution from 193MW of power that commenced operations in 2020. There was also contribution from sale of green attributes. Contribution from wind assets in China remained steady, with operational wind capacity remaining unchanged at 725MW. Net electricity generated was 1.5TWh, 5% higher compared to 2020.

Solar contribution in Singapore improved and operational capacity as at end 2021 was 240MWp, compared to 110MWp as at end 2020. Net electricity generated increased to 205GWh from 120GWh in 2020. This was offset by higher development costs for solar projects in the rest of Southeast Asia.

In the UK, a further 10MWh of our battery energy storage portfolio was commissioned, bringing our operational battery fleet to 70MWh. The energy storage portfolio turned in a profit for the year, despite higher deferred tax provision arising from the increase in corporate tax from 19% currently to 25% with effect from 2023.

Executing our strategy to transform our portfolio from brown to green

In May 2021, as part of our strategic plan to transform our portfolio from brown to green, we set a target to quadruple our gross installed renewables capacity to 10GW by 2025.

Renewables Review

Operational Indicators[1]

	2021	2020
Gross renewables capacity *(MW)*	**3,598**	3,218
– Wind	**2,599**	2,419
– Solar	**875**	679
– Energy storage	**124**	120
Gross renewables capacity *(MW)*	**3,598**	3,218
– Installed	**2,751**	2,616
– Under development	**847**	602

[1] Figures refer to total gross capacity of facilities as at December 31, 2021 and December 31, 2020. As at February 2022, the Group has 6.1GW of gross renewables capacity installed and under development, including a 658MW portfolio acquisition pending completion

Sembcorp's solar power business in Singapore is growing well, with rooftop assets that generate renewable energy for the land-scarce city state

We gained momentum in the execution of our strategy with 2.9GW of renewable energy projects secured during the year.

Growing portfolio in Southeast Asia
We continued to make strides as a leading solar energy provider in Singapore, having secured 26% of Singapore's 2025 solar target. We have established capabilities in managing a full spectrum of solar capabilities ranging across rooftop, ground-mounted and floating solar projects. During the year, solar projects installed and under development in Singapore grew from 280MWp to 384MWp. Some of the notable projects include the SolarRoof Phase 2 project awarded by JTC Corporation to build a 17MWp solar rooftop system and a 60MWp solar energy project by the Housing & Development Board and the Singapore Economic Development Board.

130MWp of solar capacity was completed during the year, including the Sembcorp Tengeh Floating Solar Farm on Tengeh Reservoir, which commenced operations in July 2021. With 122,000 solar panels spanning across 45 hectares, the 60MWp solar photovoltaic (PV) farm is one of the world's largest inland floating solar PV farms. We implemented new and innovative ways of working and were able to complete the project on time with safe management measures in place despite the manpower and supply chain constraints due to COVID-19. With this project, the Tengeh Reservoir doubles up as a source for renewable energy, in addition to being an area for water catchment. This project serves as a showcase for Singapore, and we will look at opportunities to implement similar projects in other countries where there are large water bodies or land scarcity constraints.

Sembcorp's wind power assets in Gujarat, India

In Vietnam, solar capacity installed and under development grew from 23MWp to 108MWp as at end 2021. Amid prolonged movement curbs due to the pandemic, 16MWp of solar power was completed during the year.

New contract secured in India, endorsement of competitiveness
In India, we were the first independent power producer to deliver on all its projects awarded in the first three wind tenders held by Solar Energy Corporation of India (SECI). We also have one of the highest wind capacity portfolios under self-operations and maintenance of any independent power producers in India.

During the year, we secured 210MW of renewables contracts, including a 180MW wind power project in the 11th nationwide wind power auction held by SECI. Upon completion of the project, the power output will be sold to SECI under a 25-year long-term power purchase agreement.

Including the 400MW solar power project secured in 2020, we have 610MW of projects currently under development in India. The projects are expected to be completed between 2022 and 2023. This brings our gross renewables capacity installed and under development in India to 2.3GW.

Renewables Review

Wind assets in Yunnan province, China, jointly owned by Sembcorp and SDIC New Energy

Well-positioned for significant growth in China

China is the world's largest renewables market, and a priority growth market for Sembcorp. During the year, we announced two acquisitions totalling 2.5GW of operational wind and solar assets in China.

In December 2021, we announced the acquisition of a 35% interest in SDIC New Energy for an equity consideration of approximately RMB1.5 billion (approximately S$320 million). The portfolio of SDIC New Energy consists of 30 operational wind and solar PV assets with a total gross installed capacity of about 1.9GW located across seven provincial regions in China. The acquisition was completed at the end of January 2022.

In November 2021, we signed a sale and purchase agreement to acquire a 98% interest in a portfolio of operational wind and solar PV assets for approximately RMB3.3 billion (approximately S$700 million). The portfolio of wind and solar assets with a total gross installed capacity of 658MW will provide Sembcorp with a scalable renewables platform to drive further growth in China. This scalable platform will boost our growth in China and support the building of our operational and technical capabilities. The acquisition is expected to be completed in the first half of 2022.

When the acquisition is completed, our Group renewables portfolio comprising wind, solar and energy storage is expected to reach a gross capacity of 6.1GW installed and under development, bringing us a step closer to achieving our Group target of 10GW of gross installed renewables capacity target by 2025. These achievements are testament to our multipronged approach of leveraging our capabilities, platforms and partnerships to grow our renewables presence and enhance our capabilities.

Focused on growing our renewables pipeline

We have made good progress during the year and we will continue to focus on securing more opportunities in our countries of focus. Increasingly, regional collaboration will be needed to enhance energy resilience and sustainability. In Southeast Asia, we gained traction on our targets with multiple partnerships formed across various energy opportunities that aim to advance energy transition in both the host country and Singapore. We continue to explore importation and utility-scale renewables development partnerships, in addition to various collaborations around energy transition capabilities.

We have signed an exclusive joint development agreement with Batam's utility company PT PLN Batam and Indonesian renewable energy developer PT Trisurya Mitra Bersama to develop a large-scale integrated solar and energy storage project in Indonesia's Batam, Bintan and Karimun region. The renewable power generated onsite will supply the clean energy needs of the local communities and is proposed to be transmitted via subsea cables into Singapore. This will support the clean energy needs of Indonesia and Singapore.

We also signed a collaboration agreement with BCG Energy, a wholly-owned subsidiary of the Bamboo Capital Group (BCG), for the development of renewables projects in Vietnam. BCG is one of the pioneers in Vietnam's renewable energy industry. We have built up our presence in the country through our integrated townships and industrial parks businesses. Vietnam is a key growth market for Sembcorp in the region and the collaboration will seek to identify and jointly develop a pipeline of up to 1.5GW of wind and solar projects in the country. The first phase will involve an initial funding of US$30 million for the development of a 550MW portfolio of utility-scale nearshore and onshore wind assets across three provinces in Vietnam.

Our energy storage portfolio is well-positioned to take advantage of the evolving needs of the UK power market and plays an important role in helping to stabilise the grid as renewables penetration increases. As part of our growing energy storage portfolio, we announced in December 2021 plans to construct a 360MW battery at Wilton International on Teesside. This development will further support the UK's net-zero targets, helping to ensure the resilience of the electricity network and further enable the increasing growth of renewables. We currently operate 70MWh of batteries, with a further 50MWh of batteries due to be operational in 2022. As one of the UK's largest battery portfolios, the units can supply power and other services to the national grid in milliseconds. Such rapid response time is crucial to maintaining a secure and stable energy system that will aid the UK's low-carbon transition.

Outlook

We completed the acquisition of the 35% stake in SDIC New Energy in January 2022 and expect completion of the 98% stake in 658MW of operational wind and solar assets in China within the first half of 2022. This will bring gross renewables capacity installed and under development to 6.1GW, almost double from the 3.2GW as at end 2020.

The rapid growth in renewables continues. According to the International Energy Agency, almost 290GW of new renewable energy generation capacity was installed globally in 2021, setting a new record for new installations. With stronger policy support and ambitious climate targets announced for COP26, the growth of renewables capacity is forecast to accelerate in the next five years, accounting for almost 95% of the increase in global power capacity through 2026. We remain focused on achieving our Group target of 10GW of gross installed renewables capacity by 2025 and will continue to innovate and deepen our capabilities to be a leading provider of sustainable solutions.

The remaining 50MWh of our 120Wh battery storage system in the UK will commence operations in 2022

Integrated Urban Solutions Review

Competitive Edge

More than 30 years of experience in driving sustainable developments by delivering innovative and essential solutions to customers and communities

People-centric approach to urban planning, incorporating green solutions and smart technology to enhance the liveability and sustainability of our developments

Comprehensive suite of customised water, waste and recycling solutions, utilising advanced technologies to meet the needs of customers from diverse industries

Performance Scorecard

Financial Indicators *(S$ million)*

	2021	2020	Change *(%)*
Turnover[1]	**465**	422	10
Earnings before interest, tax, depreciation and amortisation (EBITDA)[2]	**143**	107	34
Share of results: Associates & JVs, net of tax	**97**	103	(6)
Adjusted EBITDA[3]	**240**	210	14
Net profit	**161**	140	15
– Net profit before exceptional items	**155**	113	37
– Exceptional items[4]	**6**	27	(78)
Return on equity before exceptional items *(%)*	**9.9**	7.4	34
Return on equity *(%)*	**10.2**	9.1	12

1 Turnover figures are stated before inter-segment eliminations

2 EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

3 Adjusted EBITDA = EBITDA + Share of results: Associates & JVs, net of tax

4 2020 exceptional items totalling S$27 million comprised S$17 million negative goodwill recognised upon the completion of the acquisition of Veolia, S$23 million additional income from the finalisation of the Singapore-Sichuan Hi-tech Innovation Park project and a S$9 million gain from share of equity reduction in Sino-Singapore (Chengdu) Innovation Park Development Co, offset by net loss of S$14 million from the divestments of municipal water businesses in Chile and Panama and S$8 million impairment of a dedicated wastewater treatment plant in Nanjing, China

2021 exceptional item of S$6 million related to gain from the divestment of Sembcorp Jingmen Water Co

Tran Phu Wire & Cable Factory in VSIP Hai Duong

Key Developments

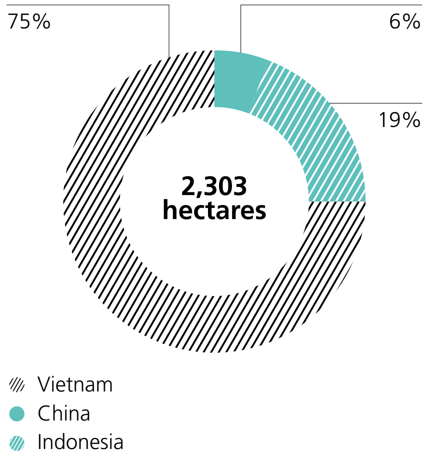
Obtained investment licence to develop a new 481-hectare industrial park in Vietnam's Quang Tri province. Land bank of Urban business increased from 12,588 hectares to 13,443 hectares during the year

Sold a record nine plots of Industrial & Business and Commercial & Residential land types at Sino-Singapore Nanjing Eco Hi-tech Island in China

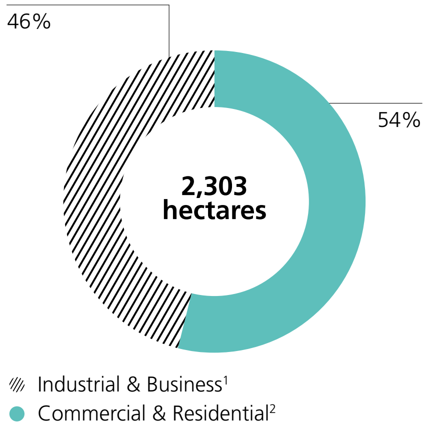
Launched Singapore's first solar-powered electric vehicle charging hub, which serves as a central charging station for Sembcorp's fleet of waste and recycling electric trucks

Signed a memorandum of understanding to explore supply chain commercialisation of decarbonised hydrogen into Singapore, and a collaboration agreement for the potential development of the UK's first 300MW net-zero emissions power plant at Wilton International

Remaining Saleable Land by Geography



Remaining Saleable Land by Segment



As at December 31, 2021

1 Industrial & Business land includes space for general and high-tech manufacturing, research and development, as well as business and technology incubators

2 Commercial & Residential land includes space for residences, food and beverage businesses, malls, hotels, serviced apartments and modern services such as accounting and legal firms, consultancies and corporate headquarters

The Integrated Urban Solutions segment comprises the Urban business, Water business and Waste and Waste-to-resource businesses. The Urban business is primarily focused on the development of large-scale integrated urban developments and integrated townships such as industrial parks, business, commercial and residential spaces. In the Water business, we own and operate highly specialised facilities across China, the Middle East, Singapore, Southeast Asia, and the UK. Our water and wastewater management solutions encompass all aspects of the water cycle including water supply, wastewater treatment and water reclamation. The Waste and Waste-to-resource businesses include the solid waste management business in Singapore, the energy-from-waste facilities in Singapore and the UK.

Turnover for the Integrated Urban Solutions segment was S$465 million in 2021, up 10% from S$422 million in 2020. Net profit grew 15% to S$161 million from S$140 million in 2020, mainly driven by stronger performance from the Urban business and Waste and Waste-to-resource businesses. Net profit in 2021 included a S$6 million exceptional gain from the divestment of Sembcorp Jingmen Water Co while there was an exceptional gain of S$27 million in 2020. Excluding the exceptional gains, net profit was S$155 million, 37% higher than the net profit of S$113 million achieved in 2020.

Growth in underlying net profit for the Urban business in 2021

Better underlying performance for the Urban business was driven by higher contribution from land sales, property sales and recurring income from property leasing and utility sales.

Integrated Urban Solutions Review

Operational Indicators

	2021	2020
Urban		
– Saleable land inventory *(hectares)*	**5,718**	5,718
– Land sold (cumulative) *(hectares)*	**3,136**	2,968
– Total net orderbook *(hectares)*	**279**	277
– Remaining saleable land *(hectares)*	**2,303**	2,473
Water		
– Water and wastewater treatment capacity *(m^3/day)*	**8,255,029**	8,263,781
Waste and Waste-to-resource		
– Waste collection *(tonnes)*	**1,254,840**	1,048,454
– Recyclables collection *(tonnes)*	**33,632**	20,500
– Energy-from-waste (Efw) gross installed capacity		
– Wilton 11 Efw Plant[1] *(MW)*	**48**	48

Note: Figures for Urban operational indicators are based on current planned estimates

[1] The Wilton 11 Efw Plant produces both power and steam. The asset's gross installed steam capacity is 160 tonnes per hour

We sold a record nine plots of Industrial & Business and Commercial & Residential land at Sino-Singapore Nanjing Eco Hi-tech Island

While total land sales for the full year was 168 hectares, slightly lower compared to 172 hectares the year before, earnings contribution was higher due to land price increase across all industrial parks in Vietnam and Indonesia. Net orderbook for the year was 279 hectares, comparable to the net orderbook of 277 hectares in 2020. The Urban business accounted for 55% of net profit before exceptional items of the Integrated Urban Solutions segment, compared to 53% in 2020.

Sembcorp's Vietnam-Singapore Smart Energy Solutions installed rooftop solar systems at H.B Fuller in VSIP Binh Duong

Record land prices achieved in Vietnam

In Vietnam, the pace of land sales and new orders in the first nine months of 2021 was impacted due to COVID-19 related shutdowns and delays in regulatory approvals. However, land sales recovered in the fourth quarter on improved manufacturing activity and for the full year, land prices across all our Vietnam Singapore Industrial Park (VSIP) projects increased between 5% and 127%.

The Vietnam housing market remained resilient in 2021. We recognised profits from the sale of 496 units of landed houses and shophouses at the *BelHomes* development in VSIP Hai Phong, 183 units of terraced houses and shophouses at *Sun Casa Central (Vinh Tan)* and 71 units at *The Habitat Binh Duong* project.

Higher land sales and increased occupancy in China

We achieved record land sales at the Sino-Singapore Nanjing Eco Hi-tech Island project in China, with the sale of nine plots of Industrial & Business and Commercial & Residential land, leading to higher land sales profit.

During the year, effort was made to attract renewables and smart Internet of Things players that could add value to the ecosystem of the *International Water Hub*, given the industry focus on research and development and commercialisation of new water solutions. This drove occupancy to 70% for office and laboratory spaces, an increase from an occupancy rate of 39% in 2020. Additionally, we recognised profit from the sale of 66 car parking spaces and 76 storerooms from the hub's adjacent residential development *Riverside Grandeur*.

Key tenants at the Wuxi-Singapore Industrial Park increased production of semiconductors for export due to strong demand. Consequently, the park recorded higher electricity sales due to higher electricity consumption by tenants.

The *International Water Hub* in China achieved 70% occupancy of its office and laboratory spaces

Integrated Urban Solutions Review

PT Master Kidz Indonesia, a manufacturer of wooden toys for major brands, has commenced operations at the Kendal Industrial Park, Indonesia

During the year, the development of 89,590 square metres of ready-built factories was completed and fully leased out, with rental collection commencing in the third quarter of 2021. The sale of a ready-built factory also contributed to the park's better financial performance.

Domestic demand driving growth in Indonesia

In Indonesia, while lower land sales were recorded, there was an improvement in land price. Demand was driven by domestic manufacturers as special economic zone investment incentives enabled Kendal Industrial Park to offer customers competitive operating costs against other industrial parks in Central Java.

Growing land bank in the Urban business

As part of our strategic plan to transform our portfolio from brown to green and to be a leading provider of sustainable solutions, we aim to triple our Urban business' land sales to 500 hectares by 2025, from 172 hectares in 2020.

During the year, the business focused on growing its land bank to ensure a stable launch pipeline. In March 2021, we obtained the investment licence to develop a new 481-hectare industrial park in Quang Tri, central Vietnam, with the initial development phase comprising 97 hectares. The province has been earmarked as a future economic hub along the East-West Economic Corridor linking Vietnam, Laos, Thailand and Myanmar. Our total land bank increased to 13,443 hectares from 12,588 hectares during the year. We now have 15 urban projects strategically located across Vietnam, China and Indonesia, which provide platforms to leverage our businesses' synergies and drive future growth in sustainable solutions.

Improved performance in Water and Waste and Waste-to-resource businesses

The Water and Waste and Waste-to-resource businesses delivered higher net profit in 2021, driven mainly by better performance from the solid waste management business in Singapore. During the year, Sembcorp was awarded the waste collection contracts for both the City-Punggol sector and Clementi-Bukit Merah sector, while the public waste collection contract for the Woodlands-Yishun sector ceased on December 31, 2021. The waste business also benefitted from the full year of earnings contribution from the Veolia business, which was acquired in June 2020, further strengthening Sembcorp's business as the provider of integrated environmental services for the nation.

Pursuing green technologies for sustainable solutions

In support of the Singapore Green Plan and our own decarbonisation efforts, we launched the country's first solar-powered electric vehicle (EV) charging hub at the Tuas depot in Singapore in July 2021. Equipped with state-of-the-art charging technology, the Sembcorp Green EV Charging Hub will initially support our fleet of waste and recycling electric trucks before it is opened for public use by other industrial vehicles. Beyond green transport and green energy, we have also introduced key technologies to drive digital adoption to enhance our service standards and efficiency, such as equipping our facility with a Smart Energy Management System to manage its electric power consumption digitally, and enable efficient monitoring and optimisation of energy use.

Committed to developing capabilities

In October 2021, we signed a strategic collaboration memorandum of understanding (MOU) with Chiyoda Corporation and Mitsubishi Corporation to explore the feasibility and implementation of a commercial-scale supply chain to deliver decarbonised hydrogen into Singapore. Under this MOU, the three parties will undertake joint efforts to explore the most cost-effective hydrogen production in offshore locations for subsequent hydrogenation in these selected locations. The participation in this MOU will enable Sembcorp to potentially support the growth of demand for the emerging hydrogen segment in Singapore and other markets. In the UK, we also started our collaboration with Zero Degrees Whitetail Development to explore the development of the UK's first net-zero emissions NET Power station at Wilton International on Teesside.

Sembcorp opened Singapore's first solar-powered electric vehicle charging hub at its Tuas depot in July 2021

With growing emphasis on sustainability, we will continue to look at new technologies that will complement renewable energy and aid in the decarbonisation of the energy sector.

Outlook

COVID-19 risks to communities and businesses remain high in 2022 and may continue to dampen global travel and customers' ability to conduct site inspections, thereby affecting urban land sales. In Vietnam, domestic challenges are expected from movement restrictions and renewed outbreaks of infections at factories. Travel restrictions and continued economic uncertainties caused by COVID-19 in Vietnam have led to expatriates leaving the country, which is expected to affect interest in residential purchases. In China, with curbs on bank borrowings, the property market is expected to face headwinds in 2022. China's "Zero-COVID" stance with lockdowns and strict border controls has also led to caution from potential customers and a delay in investment decisions. The Urban business will continue to focus on securing land bank and on land delivery to customers.

Population growth and urbanisation in Asia are driving demand for sustainable solutions. As a leading Pan-Asian sustainable solutions provider, Sembcorp is well-positioned to capture opportunities with our suite of urban development, water management as well as waste and waste-to-resource solutions. The Urban business with its established presence in Vietnam, China and Indonesia, will continue to provide the platforms for growth and deployment of our sustainable solution offerings to more customers.

Conventional Energy Review

Competitive Edge

Established power player with over 9.4GW of conventional power capacity in key markets around the world

Global track record as an originator, owner or investor, operator and optimiser of energy assets with strong operational, management and technical capabilities

Largest player in Singapore's natural gas market and the nation's first commercial importer and retailer of natural gas, offering a comprehensive suite of gas and related services

Performance Scorecard

Financial Indicators *(S$ million)*

	2021	2020	Change *(%)*
Turnover[1]	**6,679**	4,571	46
Earnings before interest, tax, depreciation and amortisation (EBITDA)[2]	**964**	892	8
Share of results: Associates & JVs, net of tax	**81**	102	(21)
Adjusted EBITDA[3]	**1,045**	994	5
Net profit	**174**	113	54
– Net profit before exceptional items	**373**	245	52
– Exceptional items[4]	**(199)**	(132)	(51)
Return on equity before exceptional items *(%)*	**11.4**	8.3	37
Return on equity *(%)*	**5.4**	3.9	38

1 Turnover figures are stated before inter-segment eliminations

2 EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

3 Adjusted EBITDA = EBITDA + Share of results: Associates & JVs, net of tax

4 2020 exceptional items totalling negative S$132 million comprised additional recognition of S$14 million of Sirajganj Unit 4 construction margin in Bangladesh, S$98 million of income recognition of claims for compensation due to Change in Law events in India, an impairment of S$81 million for the investment in Sembcorp Salalah Power and Water Company in Oman, a write-down of S$38 million of the inventory of gasoil reserves to net realisable value and a write-off of S$44 million of inventory due to uncertainty on the recoverability of the gasoil inventory stored at Hin Leong Trading as well as an impairment of S$21 million for utilities assets on Jurong Island in Singapore, and an impairment of S$60 million for UK Power Reserve assets including goodwill in the UK

2021 exceptional items totalling negative S$199 million comprised an impairment of S$212 million for the Chongqing Songzao power plant in China and a S$13 million gain from UK land sales and connection fee income

We continued to deliver reliable essential services without disruptions across our assets

Key Developments

Awarded two long-term power purchase agreements for the supercritical power generation facility in Nellore, India, to supply 625MW of power to Andhra Pradesh state power distribution companies, and 200MW of power to Bangladesh through PTC India Limited

Appointed as a term liquefied natural gas importer for Singapore

Operational Indicators

	2021	2020
Gross conventional power capacity[1] *(MW)*	**9,477**	9,481
– Gas	**5,457**	5,461
– Coal & Diesel	**4,020**	4,020
Contracted conventional capacity with long-term agreements[2] *(MW)*	**5,058**	4,433

1 All 2020 and 2021 capacities are operational

2 Long-term agreements refer to agreements with a tenure of at least five years from the contract effective date

The Conventional Energy portfolio comprises over 9.4GW of conventional power capacity in key markets around the world. In addition, Sembcorp provides a wide variety of gas and related services such as gas sourcing, importation and trading in Singapore.

In 2021, the global economic recovery and rising consumption boosted electricity demand. Coupled with supply constraints mainly due to adverse weather events, gas, coal and electricity prices rose to their highest levels in decades. In our key markets, higher spot prices and increased electricity demand benefitted the performance of our Conventional Energy segment.

Strong performance with 54% growth in net profit

Turnover for the Conventional Energy segment was S$6.7 billion, 46% higher than the S$4.6 billion recorded in 2020. This was mainly due to better performance in India, Singapore and the UK on higher energy demand and margins in the fourth quarter of 2021. Net profit after exceptional items grew 54% to S$174 million from S$113 million in 2020. Exceptional items in 2021 totalled a negative S$199 million. This comprised a S$212 million impairment of the Chongqing Songzao power plant in China partially offset by a S$13 million gain from land sales and connection fee income in the UK.

Following our joint venture partner Chongqing Energy Investment Group's decision to close all its Chongqing-based coal mines, the Chongqing Songzao power plant was severely impacted by significantly higher coal costs due to procurement of coal from other provinces with the loss of its mine-mouth advantage. The availability and form of government support were uncertain and insufficient and the asset was also expected to face competitive pressure from low-carbon power sources in the long term. A review of the carrying value of Chongqing Songzao power plant was undertaken, and arising from the assessment, the carrying value of Sembcorp's entire equity interest was fully impaired.

The better performance of the supercritical power generation assets was driven by stronger contribution from the power plants in India, partially offset by the losses from the Chongqing Songzao power plant in China. In India, profitability of the conventional power plants improved from 2020. Our first supercritical power plant operated at a higher plant load factor (PLF) of 84%, compared to 78% in 2020. Losses for the second supercritical power plant narrowed as it benefitted from higher tariffs with average spot prices increasing more than 50% from a year ago. This was partly offset by higher coal costs and lower availability of the plant due to a scheduled maintenance shutdown in the second half of the year. Average PLF for the year was 71% compared to 75% in 2020. For the Chongqing Songzao power plant,

Conventional Energy Review

Sembcorp's flexible generation assets in the UK

losses were incurred in the first half of 2021 due to the impact of high coal prices. With the full impairment of the plant, the Group has ceased recognition of its operational losses.

The improved performance for gas and related services was driven mainly by higher contributions from Singapore and the UK. In 2021, the cogeneration plants in Singapore benefitted from increased power demand and better spreads. This was partially offset by the termination of the utilities services agreement from Eastman Chemical Singapore in April 2021. In the UK, the volatility in the country's wind generation and weather conditions during the year resulted in increased imbalances in the system. The flexible generation assets contributed positively for the year as we were able to capture the resulting high prices by making optimal trading positions. However, this was partly offset by a deferred tax charge of S$14 million mainly due to a future change in tax rate in the UK.

Long-term contracts secured in India to underpin performance

In early 2022, we secured two long-term power purchase agreements (PPA) for our supercritical power generation facility in Nellore, India. The first PPA is to supply 625MW of power to Andhra Pradesh state power distribution companies for 12 years from commencement of supply, and the other is to supply 200MW of power to Bangladesh through PTC India Limited until May 2033. With these agreements, 85% of our India thermal plant capacity will be underpinned by long-term and mid-term PPAs. In December 2021, we also restructured our India corporate entities. The thermal and renewables businesses in India are now held under separate corporate entities.

Appointment as a term liquefied natural gas importer for Singapore

In March 2021, we were appointed by the Energy Market Authority in Singapore as a term liquefied natural gas (LNG) importer to import and sell degasified LNG to customers in Singapore. As Singapore's first commercial importer of piped natural gas, Sembcorp has built core capabilities in gas import and retail over the last two decades. This licence will augment our diverse portfolio of energy generation sources and supplies in Singapore. Coupled with our cogeneration plants on Jurong Island and our provision of centralised utilities, Sembcorp is able to provide a sustainable, competitive, reliable and comprehensive suite of bundled energy and utilities solutions for customers in Singapore.

Delivering reliable services amid the pandemic

Focus on the wellness of our staff played an important role in ensuring sustainable operations during the COVID-19 lockdowns. We remained vigilant and supported our colleagues who were exposed to the pandemic through the year. Digital interventions, quick and proactive actions helped us maintain flexibility in our operations to address the challenges associated with the pandemic.

As such, we were able to deliver reliable essential services without disruptions across our assets including our Sembcorp Myingyan Independent Power Plant in Myanmar, which continued to operate despite the political situation. The plant provides essential power to the people of Myanmar and we are committed to serving their critical energy needs.

Outlook

The Conventional Energy segment performed exceptionally well in the fourth quarter of 2021. The underlying performance of the segment continues to be subject to global energy market conditions and commodity prices.

We remain committed to operational excellence and to providing access to power for quality of life and economic development in the countries that we operate in, even as we continue to explore options to transition our portfolio from brown to green. Natural gas serves as a reliable source of energy as the world moves towards a lower carbon energy system and to this end, we will continue to explore ways in which our assets can complement the decarbonisation of the energy sector.

Sembcorp Cogen @ Banyan and solar panels installed on the rooftop of one of Sembcorp's facilities on Jurong Island, Singapore

Board of Directors

Board Committees:
E Executive
A Audit
R Risk
C Executive Resource & Compensation
N Nominating
T Technology Advisory Panel

Ang Kong Hua *(age 78)*
Chairman
Non-executive & Independent Director
Appointed February 26, 2010 E C N T

A well-known corporate figure in Singapore, Mr Ang brings to Sembcorp a wealth of experience in the manufacturing and services sectors, including the chemicals, electronics, engineering and construction sectors. Currently, he also serves on the board of GIC, which manages Singapore's external reserves.

Mr Ang holds a Bachelor of Science (BSc) (Honours) in Economics from the University of Hull, UK.

Past directorships in listed companies and major appointments 2019–2021:

- Southern Steel

Wong Kim Yin *(age 51)*
Group President & CEO
Appointed July 1, 2020 E T

Mr Wong has over 20 years of leadership experience in the energy sector and in investment management. He is instrumental in leading Sembcorp's transformation of its portfolio from brown to green.

Mr Wong was the group chief executive officer of Singapore Power (SP Group) from 2012 to 2020. Prior to SP Group, he led investments and project development in his roles at Temasek International and The AES Corporation.

Mr Wong is the chairman of SkillsFuture Singapore and serves on the boards of the National Research Foundation, the Inland Revenue Authority of Singapore and DSO National Laboratories. He is also a board member of China Venture Capital Fund Corporation.

Mr Wong holds a BSc in Computer Science and Information Systems from the National University of Singapore (NUS) and a Master of Business Administration (MBA) from the University of Chicago Booth School of Business.

Past directorships in listed companies and major appointments 2019–2021:

- SP Group of Companies
- Seatown Holdings
- Singapore Polytechnic

Tham Kui Seng *(age 64)*
Non-executive &
Independent Director
Appointed June 1, 2011 E C

Mr Tham brings to the board a strong background in management in various industries, including over a decade of experience in the real estate sector.

He was the former chief corporate officer of CapitaLand and is a director of Avanda Investment Management, Sembcorp Properties and Peachwood & Co. He is also an advisor to Mellford Pte Ltd.

Mr Tham holds a first class honours in Engineering Science from the University of Oxford, UK.

Past directorships in listed companies and major appointments 2019–2021:

- Banyan Tree Holdings
- Sembcorp Design and Construction

Ajaib Haridass *(age 72)*
Non-executive &
Independent Director
Appointed May 1, 2014 A R

With 45 years of legal experience, Mr Haridass specialises in maritime law, and deals with commercial and banking litigation. Currently a consultant with Haridass Ho & Partners, he is a panel member of arbitrators of the Singapore International Arbitration Centre and the Singapore Chamber of Maritime Arbitration. Mr Haridass is also an accredited principal mediator of the Singapore Mediation Centre and a senior accredited specialist (maritime and shipping law), Singapore Academy of Law. He is a commissioner for oaths, a notary public and a retired justice of the peace.

Mr Haridass is lead independent director of Nam Cheong and also sits on the boards of Manhattan Resources and Singapore LNG Corporation.

Mr Haridass holds a Bachelor of Laws (Honours) from the University of London, UK and is a qualified barrister-at-Law at the Honourable Society of the Middle Temple, UK.

Nicky Tan Ng Kuang *(age 63)*
Non-executive &
Independent Director
Appointed November 1, 2015 E C N T

Mr Tan has rich experience in corporate finance, audit as well as mergers and acquisitions. He currently runs nTan Corporate Advisory. Over the course of his career, he has been partner and head of Global Corporate Finance at Arthur Andersen Singapore and ASEAN, partner and head of Financial Advisory Services at PricewaterhouseCoopers Singapore, as well as chairman of Financial Advisory Services at PricewaterhouseCoopers Asia Pacific.

Mr Tan is a director of Singtel Innov8, Chloride Eastern Industries, and the Intellectual Property Office of Singapore. He is a member of the Nee Soon Town Council and chairman of its investment & finance committee, as well as a member of Pei Chun Public School's management committee.

Mr Tan qualified as a chartered accountant in the UK. He is a member of the Institute of Chartered Accountants in England and Wales, the Institute of Singapore Chartered Accountants (ISCA), as well as a fellow of the Singapore Institute of Directors (SID).

Past directorships in listed companies and major appointments 2019–2021:

- MOH Holdings' audit & risk committee
- National University Health System

Board of Directors

Yap Chee Keong *(age 61)*

Non-executive & Independent Director

Appointed October 1, 2016 A R

Mr Yap brings to the board financial, management and audit expertise, as well as experience in industry sectors including energy, infrastructure and real estate. He was formerly the executive director of The Straits Trading Company and chief financial officer of SP Group.

Mr Yap is a director of various companies such as Shangri-La Asia, Olam Group, Mediacorp, Ensign InfoSecurity, Pacific International Lines, Aviva Singlife and Sembcorp Marine.

Previously, Mr Yap served on the board of Singapore's Accounting and Corporate Regulatory Authority (ACRA) and on ACRA's Public Accountants Oversight Committee. He was a member of the working group convened by the Monetary Authority of Singapore (MAS), Singapore Exchange (SGX) and ACRA to review the Guidebook for Audit Committees in Singapore, as well as the panel convened by MAS, SGX, ACRA and SID, which formulated guidelines for board risk committees.

Mr Yap holds a Bachelor of Accountancy from NUS and is a fellow of ISCA and CPA Australia.

Past directorships in listed companies and major appointments 2019–2021:

- Certis CISCO Security
- Citibank Singapore
- Maxeon Solar Technologies

Dr Josephine Kwa Lay Keng *(age 63)*

Non-executive & Independent Director

Appointed August 1, 2018 T

Dr Kwa brings to the board rich experience in technology as well as research and development (R&D) across various industries, including energy and engineering. She is a member of the board and audit committee of the Agency for Science, Technology and Research (A*STAR). She is also a director of Southern Steel and Barghest Building Performance.

Dr Kwa was previously chief executive officer of NSL and served in several functions over her 23-year tenure with the company, including being its chief operating officer and head of technology, responsible for R&D, information technology, energy and environmental investments, and strategy. Dr Kwa chaired the National Energy Efficiency Committee for Industries in Singapore from 2000 to 2009 and continues to serve on the steering committee for the Singapore Certified Energy Manager Programme.

Dr Kwa holds a PhD and BSc (Honours) in Mechanical Engineering from the University of Leeds, UK.

Past directorships in listed companies and major appointments 2019–2021:

- NUS Energy Studies Institute

Nagi Hamiyeh *(age 53)*

Non-executive & Non-independent Director

Appointed March 3, 2020 E N

Mr Hamiyeh is the joint head of Temasek's investment group. He is concurrently the head of portfolio development. Over the course of his career with Temasek, he has led the firm's natural resources, industrials, consumer and real estate investment teams and was joint head of the enterprise development group as well as head of Africa and Middle East, Australia and New Zealand.

Mr Hamiyeh is a director on the boards of Dream International, Olam Group, CLA Real Estate Holdings, Startree Investments and CapitaLand.

Prior to Temasek, Mr Hamiyeh was a banker with Credit Suisse First Boston's energy group. He began his career at Bain & Company.

Mr Hamiyeh holds a Master of Science (MSc) in Civil and Environmental Engineering from the Massachusetts Institute of Technology, USA, as well as a BSc in Civil Engineering from the University of Texas, USA.

Past directorships in listed companies and major appointments 2019–2021:

- Lebanese International Finance Executives
- Sheares Healthcare Group of Companies
- Sigma Healthcare Management
- Tana Africa Capital
- Tana Africa Investment Managers

Lim Ming Yan *(age 59)*

Non-executive & Independent Director

Appointed January 18, 2021 A R C T

Mr Lim is chairman of the Singapore Business Federation. He sits on the boards of other listed companies such as Singapore Press Holdings and Central China Real Estate. Mr Lim is also the chairman of Workforce Singapore, a member of Singapore's Future Economy Council, a director of Business China, Enterprise Singapore, Housing & Development Board and DLF Cyber City Developers. He is also a member of the board of trustees of the Singapore Management University.

Mr Lim previously served as president and group chief executive officer of CapitaLand.

Mr Lim holds a first class honours in Mechanical Engineering and Economics from the University of Birmingham, UK. He also completed the Advanced Management Program at Harvard Business School, USA.

Past directorships in listed companies and major appointments 2019–2021:

- Singapore Tourism Board

Tow Heng Tan *(age 66)*

Non-executive & Non-independent Director

Appointed June 1, 2021 E

Mr Tow Heng Tan is chief executive officer at Pavilion Capital International, a private equity firm with a North Asia focus.

Mr Tow previously held senior leadership positions serving as the chief investment officer of Temasek International, senior director of DBS Vickers and managing director of Lum Chang Securities. He was also an investment banker with Schroders Singapore.

He sits on the boards of ABC World Asia, Fullerton Financial Holdings, the National Healthcare Group and Temasek Trust.

Mr Tow qualified as a chartered accountant with ISCA. He is also a Fellow of the Association of Chartered Certified Accountants in the UK and a Fellow of the Chartered Institute of Management Accountants in the UK.

Past directorships in listed companies and major appointments 2019–2021:

- Keppel Corporation

Technology Advisory Panel

Sembcorp's Technology Advisory Panel advises the company on digital and technological developments in line with our strategy to be a leading provider of sustainable solutions.

The panel reviews and advises on the vision and strategy for digital and technology developments at Sembcorp. It provides independent advice on the development and application of significant emerging as well as potentially disruptive technologies. It further guides the appropriate management of specialised research and development projects and systems for intellectual property creation and protection.

The panel also advises Sembcorp on technological trends and opportunities. Members of the panel help to introduce new and emerging technologies or companies to the Group and regularly advise on topical issues and technologies in their respective fields of interest and expertise.

Ang Kong Hua

Wong Kim Yin

Dr Josephine Kwa Lay Keng

Nicky Tan Ng Kuang

Lim Ming Yan

The panel is chaired by Ang Kong Hua and comprises Wong Kim Yin, Dr Josephine Kwa Lay Keng, Nicky Tan Ng Kuang, Lim Ming Yan, and co-opted members Prof Ng How Yong and Prof Lui Pao Chuen.

Profiles of the directors are found on pages 20 to 21.

Prof Ng How Yong

PhD in Environmental Engineering, University of California Berkeley, USA

Bachelor of Engineering (First Class Honours) in Civil Engineering, National University of Singapore

Prof Ng is a Provost's Chair Professor of the NUS Department of Civil and Environmental Engineering, director of the NUS Environmental Research Institute, as well as director of the Sembcorp-NUS Corporate Laboratory.

He has over 25 years of experience in biological wastewater treatment and membrane processes for water reuse and seawater desalination, and has served as a consultant on municipal wastewater treatment and reuse, industrial effluent treatment as well as seawater desalination in Singapore, China, Japan and the USA.

Prof Ng is also a fellow of the Academy of Engineering Singapore and the International Water Association (IWA), vice chairman of the management committee of the IWA Specialist Group on Membrane Technology, and the immediate past president of the Environmental Engineering Society of Singapore.

Prof Lui Pao Chuen

MSc in Operations Research and Systems Analysis, United States Naval Postgraduate School

BSc (Honours) in Physics, University of Singapore

Prof Lui is the Temasek Defence Professor of NUS. He was formerly Singapore's Chief Defence Scientist and has several decades of experience in engineering, science and research. He sits on the boards of research institutes, corporations and technical organisations and the steering committees of major infrastructure projects.

Prof Lui is a fellow of the Singapore Academy of Engineering and the Singapore National Academy of Sciences as well as an honorary fellow of the ASEAN Federation of Engineering Organisations. His accolades include the National Science & Technology Medal, the Institute of Physics Singapore's President's Medal, and the International Council on Systems Engineering's Pioneer Award. In addition, Prof Lui is the recipient of the Lifetime Engineering Achievement Award from the Institution of Engineers Singapore, the Defence Technology Medal (Outstanding Service) from the Ministry of Defence, as well as the Aviation Pioneer Award from the Singapore Institute of Aerospace Engineers.

Senior Executives

Eugene Cheng
Group Chief Financial Officer

Mr Cheng oversees the Group's finance, portfolio and integration, investment, sustainability, media and investor relations functions.

Robert Chong
Chief Corporate & Human Resource Officer

Mr Chong oversees the Group's human resource, integrated communications, health, safety, security and environment, procurement and corporate secretariat functions.

Hong Howe Yong
Head, Group Centre of Excellence

Mr Hong is responsible for leading and growing the Group's engineering and technological capabilities to support the Group's renewables, conventional, water and waste-to-resource businesses, and oversees the establishment of standards and governance of Sembcorp's capabilities across the Group.

Charles Koh
Chief Digital Officer

Mr Koh drives the Group's digitalisation journey, focusing on efforts to build and scale key digital capabilities across the Group's businesses.

Koh Chiap Khiong
CEO, Singapore & Southeast Asia

Mr Koh is responsible for driving the strategic direction and growth of Sembcorp's energy and water businesses in Singapore and Southeast Asia.

Andy Koss
CEO, UK & Middle East

Mr Koss oversees Sembcorp's operations comprising large-scale industrial assets on the Wilton International site, a portfolio of flexible gas engines and battery energy storage systems across the UK, together with the company's business interests in the Middle East.

Lee Kok Kin
CEO, SembWaste

Mr Lee oversees the operations and strategic growth of SembWaste, a wholly-owned subsidiary of Sembcorp, which provides waste management, public cleaning and recycling services in Singapore.

Looi Lee Hwa
General Counsel

Ms Looi oversees legal, ethics and compliance matters within the Group.

Alex Tan
CEO, China

Mr Tan is responsible for the operations, strategic direction and business growth of the company's sustainable solutions offerings in China.

Tan Cheng Guan
Executive Vice President, Office of the Group President & CEO

Mr Tan leads the development of Sembcorp's water business and is also non-executive Chairman of Sembcorp China, providing strategic guidance to the business.

Kelvin Teo
CEO, Urban

Mr Teo is CEO of Sembcorp Development, the Urban business which comprises industrial properties, business hubs, commercial and residential projects in Vietnam, China and Indonesia. He oversees business performance, joint venture relations and the integration of sustainable urban solutions for developments.

Vipul Tuli
CEO, South Asia

Mr Tuli oversees Sembcorp's investments and key stakeholder relationships in India and Bangladesh. He is also the Managing Director of Sembcorp Energy India, a leading independent power company in India wholly-owned by Sembcorp.

Wong Kim Yin
Group President & CEO

Mr Wong has over 20 years of leadership experience in the energy sector and in investment management. He is instrumental in leading Sembcorp's transformation of its portfolio from brown to green.

For more information on our senior executives, please refer to the Leadership section of our website.

Our Approach to Sustainability Reporting

Reporting Framework

The Global Reporting Initiative (GRI) Standards is a widely recognised global reporting framework for sustainability reporting. Our Sustainability Report has been prepared in accordance with the GRI Standards: Core option, the Ten Principles of the United Nations (UN) Global Compact, the Singapore Exchange Securities Trading Limited Listing Rules 711A and 711B, as well as Practice Note 7.6 Sustainability Reporting Guide. Our climate-related disclosures are guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as well as CDP's Climate Change programme. Our previous report was published in March 2021. There are no significant changes from previous reporting period in the list of material sustainability issues and boundaries.

For GRI disclosures, please refer to the 2021 Performance Data and Commentary report in Our Performance section on our Sustainability webpage.

Materiality

We have a materiality review and assessment process developed in line with the GRI standards to identify sustainability issues most relevant to our business. 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, 2021.

- 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. We report our GHG emissions in accordance with the GHG Protocol using an equity share approach
- New acquisitions and subsidiaries are given one year upon completion to integrate their reporting systems within the Group. Their data will be included in the report once a full calendar year of data is available. In 2021, our utility-scale inland floating solar farm in Singapore commenced operations and the data pertaining to this asset is included in our report
- Data pertaining to entities divested during the year is excluded from our report

Assurance

We have engaged PricewaterhouseCoopers LLP to undertake an assurance of selected sustainability information in our report.

Changes in reported data could occur in 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 2021 Performance Data and Commentary report in Our Performance section on our Sustainability webpage.

Sustainability Contact

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

2021 Highlights[1]

Environment Enabling a Low-carbon and Circular Economy	Gross installed renewable energy capacity[2] over **2.7**GW	GHG emissions intensity **0.51** tCO_2e/MWh	CDP Climate Change[3] **B**
Social Empowering Our People and Communities	Investment in communities **S$2.7**m	Average training per employee **27** hours	Forbes World's Best Employers 2021 **Top-ranked Company in Singapore**
Governance Embedding Responsible Business Practices	Singapore Governance and Transparency Index **Ranked 9th place**	Independent directors **70%**	Asiamoney Asia's Outstanding Companies Poll 2021 **Most Outstanding Company in Singapore – Energy Sector**

m: million

[1] As at December 31, 2021

[2] Our gross installed renewable energy capacity includes wind, solar and energy storage. It refers to 100% of the tested gross capacity of the plant at commercial operation date or after major upgrades, and assumes 100% ownership of the facility

[3] "B" score equates to a "management" band score, signifying the company is taking coordinated action on climate issues

Participation in sustainability ratings

- CDP
- FTSE4Good Index Series[1]
- MSCI ESG Ratings[2]
- Sustainalytics[3]

[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

[3] This section contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and / or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers

Our Approach to Sustainability Reporting

Key Performance Indicators

	2021	2020	2019
Environmental			
Climate Change			
Direct (Scope 1) GHG emissions[1] *(kilotonnes CO_2e)*	**25,936.3**	26,303.5	25,851.3
Energy indirect (Scope 2) GHG emissions[2] *(kilotonnes CO_2e)*	**229.9**	224.8	304.8
Indirect (Scope 3) GHG emissions[3] *(kilotonnes CO_2e)*	**8,878.4**	9,673.4	8,344.2
GHG emissions intensity[4] *(tCO_2e/MWh)*	**0.51**	0.54	0.55
Gross installed renewable energy capacity[5] *(MW)*	**2,751**	2,616	2,381
Resource Management			
Water withdrawal[6] *(million m^3)*	**2,304.9**	2,322.7	2,322.0
Net water consumption[7] *(million m^3)*	**49.2**	50.7	64.6
Water discharge *(million m^3)*	**2,255.7**	2,272.0	2,257.4
Waste generated[8] *(kilotonnes)*	**2,391.6**	1,749.2	1,894.3
– Hazardous waste	**37.3**	33.4	51.3
– Non-hazardous waste	**2,354.3**	1,715.8	1,843.0
Social			
Health and Safety[9]			
Number of fatalities[10]	**0**	0	2
Lost time injury rate[11] *(number per million man-hours)*	**1.5**	0.9	1.1
Total recordable injury rate[12] *(number per million man-hours)*	**1.8**	1.1	1.5
People[13]			
Employee turnover[14] *(%)*	**15.7**	12.4	13.9
Training hours *(average hours per employee)*	**27.0**	23.6	29.4
Community			
Community contributions *(S$ million)*	**2.7**	3.5	1.4

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

Notes: Please refer to the Reporting Scope section on page 24 for details on our reporting coverage.

1 Direct (Scope 1) GHG emissions data covers entities that produce GHGs from fossil fuel combustion in our Energy, Water, Waste Management and Urban businesses. The data excludes emissions from our anaerobic wastewater treatment plants and maintenance and servicing equipment

2 Energy indirect (Scope 2) GHG emissions include location-based data for all our Energy, Water, Waste Management and Urban businesses. In Singapore, our operations purchase energy from our own assets; to avoid double counting, the emissions resulting from these have been accounted for under Scope 1 GHG emissions

3 Indirect (Scope 3) GHG emissions include our fuel and energy-related activities (Category 3) and use of sold products (Category 11), which are most relevant and material to our business

4 GHG emissions intensity refers to the Group's total GHG direct emissions (Scope 1) from its activities, indirect emissions (Scope 2) from its energy consumption and biogenic emissions from bioenergy feedstocks, divided by total energy generated and purchased, as calculated using an equity share approach for all operations in accordance with the GHG Protocol

5 Our gross installed renewable energy capacity includes wind, solar and energy storage. It refers to 100% of the tested gross capacity of the plant at commercial operation date or after major upgrades, and assumes 100% ownership of the facility

6 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

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

8 Data for waste generated excludes waste that is collected for incineration by our Waste Management business

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 In 2021, we streamlined our reporting to replace accident severity rate with total recordable injury rate. Total recordable injury rate is defined as the number of fatalities, lost work day cases, medical treatment cases, and restricted work cases per million man-hours worked

13 Data covers both permanent and contract employees

14 Data covers both voluntary and involuntary turnover

Managing Sustainability

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

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

Health and Safety
Making health and safety an integral part of our everyday business and culture

Resource Management
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

People
Creating a values-based and performance-led culture. Providing an engaging employment experience where our people can grow and excel

Local Environmental Protection
Minimising negative environmental impacts and ensuring the highest standards of environmental management

Community
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

Corporate Governance
Maintaining an effective governance and decision-making structure

Ethical Business and Compliance
Fostering an ethical culture and conducting our business with integrity, and ensuring we comply with all legal and regulatory requirements

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

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 Three Behaviours

Institution-first Mindset
Put the interest of the Group ahead of individual interests

Collaboration
Deliver through collaborating across markets, businesses and functions

Accountability
Hold self and team accountable to deliver on our commitments

Creating Awareness on Sustainability – Starting with Sustainability Moments
The practice of having sustainability moments to spread greater awareness of sustainability ideas and issues started in January 2021. All key internal meetings, including our management meetings as well as town halls, begin with a five-minute sustainability moment, covering environmental, social or governance topics. The stories shared have since evolved from personal anecdotes to innovative ideas on green practices that the company can potentially implement in the way we run our operations.

To encourage our employees to share their stories and ideas, the company ran "Best Sustainability Moment" contests. The initiative received enthusiastic participation globally. From big ideas such as the recycling of wind turbine blades to day-to-day sustainable practices at the workplace such as replacing bottled water dispensers with piped water systems, employees are inspired to incorporate green practices into their daily routines. In the spirit of sustainability, winners are encouraged to plant a tree or offered the option to procure carbon offsets to support climate change action.

Managing Sustainability

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 Integrated Urban Solutions businesses.

In line with our strategic focus as a provider of sustainable solutions, we have adopted SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action) as our priority SDGs. Our brown to green strategic transformation targets support these SDGs. We recognise that the SDGs are a holistic framework for sustainable development, and will continue to manage other relevant areas to maximise positive impacts while minimising negative ones.

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 (SSC) that provides strategic direction for managing sustainability-related risks and opportunities. The committee is chaired by our Group President & CEO, and comprises senior executives who are accountable for the management of Sembcorp's material sustainability issues.

Sustainability-linked Performance Incentives

To ensure that sustainability is embedded into our 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, including climate change-related targets.

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

Memberships and Associations

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

Partner of Carbon Pricing Leadership Coalition Singapore

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 business and strategy. It has determined Sembcorp's material ESG factors, and exercises oversight in the management and monitoring of its material ESG factors and priorities.

Sembcorp's response to COVID-19

Two years on, the world continues to grapple with the challenges and impact from the COVID-19 pandemic. Although there has been good traction gained on vaccine developments, and countries are also better equipped to reopen their economies safely, the world continues to face hurdles moving from a pandemic to an endemic phase.

Despite the challenges, our businesses and operations have kept the lights on, delivering essential services to our customers and communities across all our markets. While we worked on keeping our operations intact, we also implemented several measures to ensure the safety of our employees.

Globally, we activated business continuity and emergency response plans. Guided by local COVID-19 regulations, we adopted precautionary measures including split team arrangements, staggered working hours, COVID-19 pre-screening and testing for employees, to ensure the delivery of essential services safely. Dedicated task forces were set up across our plants to coordinate local COVID-19 response measures.

Sembcorp's donation of medical equipment to Vietnam was witnessed by representatives from the Singapore and Vietnam embassies, Binh Duong Fatherland Front Committee, Binh Duong General Hospital, Becamex International Hospital (Binh Duong) and Sembcorp

Protecting Our People

In 2021, we continued to stay vigilant in our fight against the pandemic. Precautionary measures for employees remained in place to safeguard our employees' health and safety.

As economies embarked towards recovery and workplaces transitioned to allow employees to return, Sembcorp's Pandemic Response Team (PRT) correspondingly had to manage our exposure and risk in a timely manner. Supported by our Group Digital team, we developed and deployed Sembcorp's in-house COVID-19 application (C-19 Notify App) in under three days.

Through the App, employees can notify the company on their health status, including exposure to infected cases and antigen rapid test results. It also allows submission of voluntary declaration of vaccination records, personal overseas travel details, as well as request for essential business travel. Employees can submit their return-to-office requests through the App, allowing for efficient planning of safe management measures at our workplace. With the real-time data collected, the company's PRT was able to make better assessment of potential transmission risk at the workplace. This assisted the company's implementation of appropriate and timely actions to manage the fast-evolving COVID-19 situation.

We also supported our employees and their families as the COVID-19 pandemic continued to impact health and livelihoods. In response to local conditions, we facilitated employees' vaccination programmes, prepared medical equipment on standby which was made accessible to our employees and their immediate family members, and provided access to counselling services.

Supporting Our Communities

In the early stage of the pandemic in 2020, our giving was focused on providing living essentials to vulnerable communities. As new COVID-19 variants emerged and stretched medical infrastructure in 2021, Sembcorp pivoted its efforts to bolster the emergency response capacity in affected areas. Close to 50% of our global community investments in 2021 went towards the purchase of medical equipment to support the fight against COVID-19:

- Donated medical equipment to seven hospitals in Bangladesh, India, Myanmar and Vietnam
- Donated over 450 oxygen concentrators
- Boosted the critical care capacity of three hospitals in Vietnam by providing 100 sets of oxygen flow controllers, 65 patient vitals monitors, 12 bilevel positive airway pressure ventilators and one reverse transcription polymerase chain reaction system

In addition to providing medical equipment, we also supported our communities through other initiatives. In India, we reached out to more than 2.4 million people through a COVID-19 Prevention Awareness Campaign in the National Capital Region to raise awareness of how to prevent transmission of the virus and the importance of vaccination. In Myanmar, we provided food aid to vulnerable families whose livelihoods have been impacted by the pandemic.

Delivering Progress on Transformation

Our people were ready on the frontlines to deliver reliable essential services, which continued with minimal disruption. Their efforts were also instrumental in supporting our brown to green transformation journey and delivering progress across all markets – pushing frontiers in Singapore and Southeast Asia, gaining growth momentum in China, fortifying our strong track record in India, bolstering our energy storage capabilities in the UK, and growing our land bank in the Urban business.

Our ESG Priorities

Enabling a Low-carbon and Circular Economy

Climate Change

Our Priorities

Reducing our GHG emissions 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 and physical risks to our business.

Our approach

We have a two-pronged approach to address the risks and opportunities arising from climate change:

- Minimise our negative impact by reducing our operational GHG emissions
- Enhance our positive impact by growing our sustainable solutions portfolio such as renewables

In May 2021, we unveiled our strategic plan to transform our portfolio from brown to green, with growth driven by the Renewables and Integrated Urban Solutions businesses. Central to our strategy is also our commitment to climate action. We have set targets to:

- Reduce GHG emissions intensity by 25% from 2020 baseline, to 0.40 tonnes of carbon dioxide equivalent per megawatt hour (tCO_2e/MWh) by 2025
- Reduce absolute GHG emissions (Scope 1 and 2) by 90% from 2020 baseline to 2.7 million tCO_2e by 2030
- Deliver net-zero emissions by 2050

More information on our commitment is available in the Climate Action Plan section on our Sustainability webpage.

Climate-related risks and opportunities are managed through our Climate Change Working Committee (CCWC). The CCWC is chaired by the executive vice president, Office of the Group President & CEO and supported by the Group Sustainability division. The CCWC reports to the Enterprise Risk Committee as well as the SSC, which in turn report 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 Group Integrated Assurance Framework (IAF) supports the identification, assessment and management of our climate-related risks.

For TCFD disclosures, please refer to Reports & Policies section on our Sustainability webpage.

Our frameworks and policies
- Climate Action Plan
- Group Environmental Policy
- Group Internal Carbon Pricing Framework

Reference frameworks
- The Paris Agreement
- Greenhouse Gas Protocol
- Task Force on Climate-related Financial Disclosure (TCFD) recommendations
- Science Based Targets initiative (SBTi) criteria

Performance
- Our GHG emissions intensity was 0.51tCO_2e/MWh compared to 0.54tCO_2e/MWh in 2020. The contributing factors to the decrease in emissions intensity were an increase in energy generated and purchased against stable absolute GHG emission levels, as well as an adjustment in conversion factor
- Our absolute GHG emissions (Scope 1 and 2) remained stable at a level of 26.2 million tCO_2e compared to 26.5 million tCO_2e in 2020
- Scope 3 GHG emissions decreased by 8.2% to 8.9 million tCO_2e from 9.7 million tCO_2e due to lower sales of natural gas to our customers
- We maintained our CDP Climate Change score "B" in 2021, which signifies that the company is taking coordinated action on climate issues
- Our gross installed renewable energy capacity comprising wind, solar and energy storage assets grew slightly from 2.6 gigawatt (GW) in 2020 to over 2.7GW. Our global energy portfolio mix (in operation and under development) stands at 72% conventional energy, 27% renewables and 1% energy-from-waste. In 2021, we ranked 52nd in the Top 100 Green Utilities report by Energy Intelligence

Sustainable Finance: Annual Update 2021

We issued our first sustainability-linked bond (SLB) of S$675 million in October 2021. This section constitutes Sembcorp's first annual update on our SLB (2021) to investors. The SLB (2021) update covers the key performance indicator (KPI) against the sustainability performance target (SPT) in accordance with our Sustainable Financing Framework (SFF) 2021.

Sembcorp's sustainable financing instruments

Sustainability-linked bond 2021	
Issuer	Sembcorp Financial Services Pte Ltd
Currency	Singapore dollar
ISIN	SGXF52048042
Size	S$675,000,000
Issue Date	October 6, 2021
Maturity date	April 6, 2032
Coupon	2.66%

Statement of GHG emissions intensity as of December 31, 2021[1]

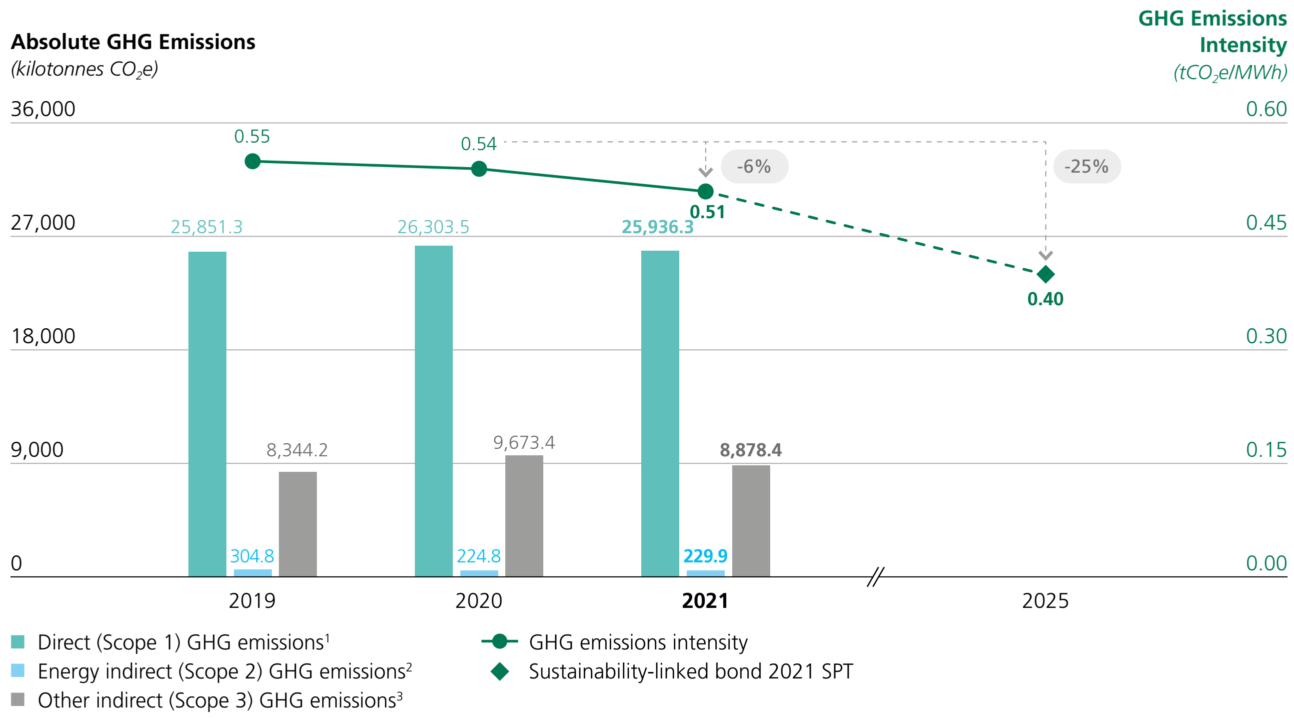
	2020 (Baseline)	2021 (Reporting year)	2025 SPT
KPI: GHG emissions intensity[2] *(tCO_2e/MWh)*	0.54	0.51[3]	0.40

[1] Please refer to GHG emissions chart for graphical representation of our reporting year's performance against the 2025 SPT

[2] GHG emissions intensity refers to the Group's total GHG direct emissions (Scope 1) from its activities, indirect emissions (Scope 2) from its energy consumption and biogenic emissions from bioenergy feedstocks, divided by total energy generated and purchased, as calculated using an equity share approach for all operations in accordance with the GHG Protocol

[3] The GHG emissions intensity in 2021 has been assured by PwC. For the independent Limited Assurance Report, please refer to the Sustainable Finance section on our Investor Relations webpage

GHG Emissions



[1] Direct (Scope 1) GHG emissions data covers entities that produce GHGs from fossil fuel combustion in our Energy, Water, Waste Management and Urban businesses. The data excludes emissions from our anaerobic wastewater treatment plants and maintenance and servicing equipment

[2] Energy indirect (Scope 2) GHG emissions include location-based data for all our Energy, Water, Waste Management and Urban businesses. In Singapore, our operations purchase energy from our own assets; to avoid double counting, the emissions resulting from these have been accounted for under Scope 1 GHG emissions

[3] Indirect (Scope 3) GHG emissions include our fuel and energy-related activities (Category 3) and use of sold products (Category 11), which are most relevant and material to our business

Our ESG Priorities

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:

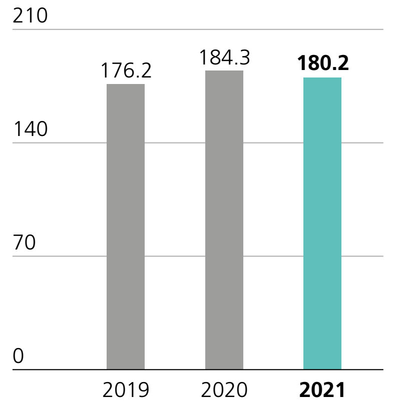
- Energy management
- Water and wastewater management
- Waste management

Our approach

Energy management

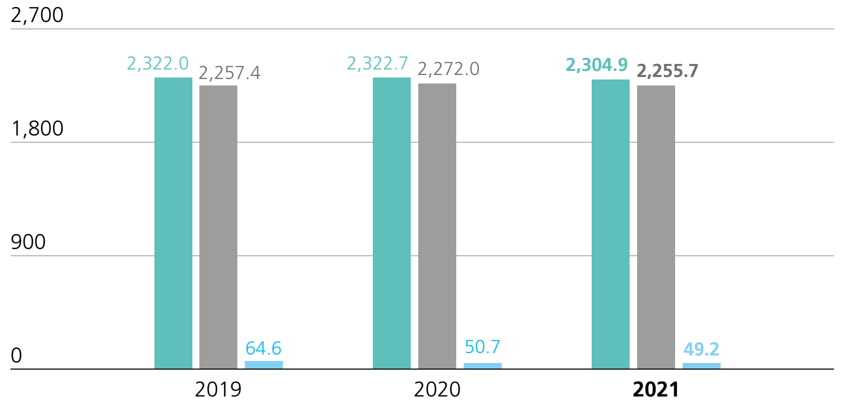
We leverage a suite of digital analytics solutions to improve the efficiency, reliability and availability of our assets. Collectively, they provide a systematic approach to monitor and optimise our operations, while reducing human error and increasing productivity.

Energy Consumption within Sembcorp[1] *(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

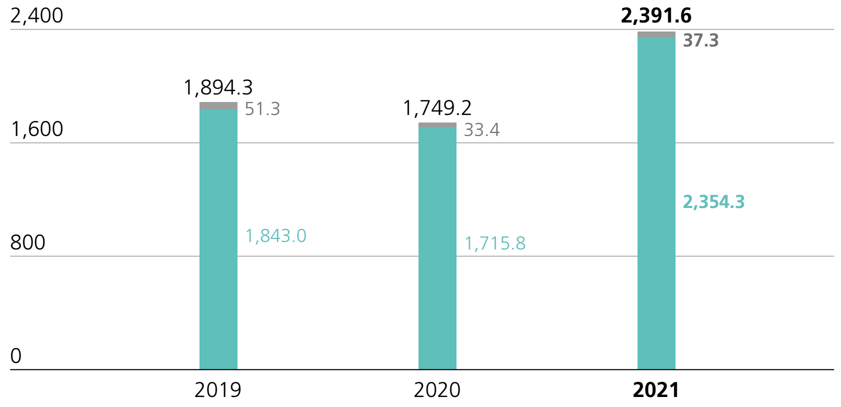
Water Withdrawal, Discharge and Consumption[1] *(million m³)*



[1] Includes our water interactions across our energy and water operations

For a breakdown of water indicators, please refer to the 2021 Performance Data and Commentary report in Our Performance section on our Sustainability webpage.

Waste Generated[1,2] *(kilotonnes)*



[1] The data excludes waste that is collected for incineration by our Waste Management business

[2] Hazardous and non-hazardous waste materials are defined by the relevant country regulations in each market

Digital Capabilities for Better Performance

Leveraging and scaling up of digital analytics continue to be a key differentiator of our operations. In our renewables operations, digital analytics provide insight on key areas such as resource assessment, resource forecast and performance improvement. These insights enhance the operations and maintenance of our assets.

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. Our digital platform provides real-time insights that enable us to reduce electricity and chemical consumption.

To find out about our continuous innovation in our Integrated Wastewater Treatment Plant, please refer to our Spotlight webpage.

Waste management

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

To find out about how we supported a customer in their waste reduction programme, please refer to our Spotlight webpage.

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

Our frameworks and policies

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

Performance

- Our global energy and water facilities undertook 30 energy optimisation projects that led to a reduction of close to 40,000MWh of electricity consumed. This is the equivalent to over 26,000tCO_2e emissions avoided, or taking 5,600 vehicles off the road for a year
- 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 2,304.9 million cubic metres (m³) of water in 2021. Our water withdrawal and discharge remained stable, and we consumed less water in 2021
- We undertook four water optimisation projects that improved efficiency and led to a projected annualised consumption reduction of close to 49,000m³, or the equivalent of 19 Olympic-sized pools
- We generated 2.4 million tonnes of waste, a 37% increase from last year. This was due to higher electricity production in our thermal plants in India, resulting in higher ash generation. 98% of waste generated was non-hazardous waste and 2% was hazardous waste. 95% of non-hazardous waste was recycled into bricks and cement, which were used in the filling of low-lying areas, construction of roads and flyovers, and the raising of dykes

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.

Our environmental protection standard establishes the requirements for emergency response protocols, including training for relevant employees. Environmental compliance audits are undertaken as part of our Group Integrated Audit programme.

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

To find out how our fast-growing renewables operations in India mitigates its impact on the environment, please refer to our Spotlight webpage.

Our frameworks and policies

- Group HSSE Management Framework comprising
  - Group HSSE Policy
  - Group HSSE Standards
  - Group HSSE Legal and Regulatory Governance Framework
- Group Environmental Policy

Reference frameworks

- ISO 14001

Performance

- In 2021, we conducted environmental audits at three operational sites in Singapore. There were no significant negative observations arising from the audits, and follow-up plans were developed for continuous improvement
- 100% of utility-scale renewables as well as urban projects that were in construction in 2021 undertook an environmental impact assessment

To find out how our UK operation is fostering biodiversity at its industrial site, please refer to our Spotlight webpage.

Our ESG Priorities

Empowering Our People and Communities

Health and Safety

Our Priorities

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

People

Our Priorities

Creating a values-based and performance-led culture. Providing an engaging employment experience where our people can grow and excel

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

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. We believe that most incidents are preventable. 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 requirements to prevent and manage health and safety risks.

We aim to provide our customers with safe and 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.

Occupational health and safety falls under the oversight of the Group HSSE division, who provides updates to the board's Risk Committee. The division 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 division, whose work is guided by the Group Security Management System.

Our frameworks and policies

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

Reference frameworks

- ISO 45001
- International Association of Oil and Gas Producers (IOGP) Global Safety Performance Indicators
- US National Institute for Occupational Safety and Health (NIOSH) Guidelines
- American Society for Industrial Security Standards
- Singapore Ministry of Home Affairs Security Guidelines

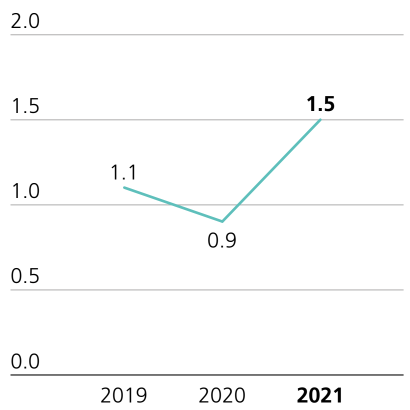
Performance

- There was an increase in both our lost time injury rate and total recordable injury rate since 2020. This is largely the result of an increase in occurrences of workplace incidents involving minor injuries. We remain committed to safeguard the health and safety of our workforce and are constantly reviewing and adjusting new approaches of work to improve the ability of our operations to identify and address unsafe conditions or actions
- In 2021, we developed and launched a workplace C-19 Notify App available group-wide to facilitate the monitoring and approvals of COVID-19-related workplace arrangements. The App streamlined procedures relating to vaccination and testing status updates, as well as approvals for return to office. This facilitated the planning of safe management measures and identification of potential exposure to COVID-19

To find out how we enhanced process safety management in our operations, please refer to our Spotlight webpage.

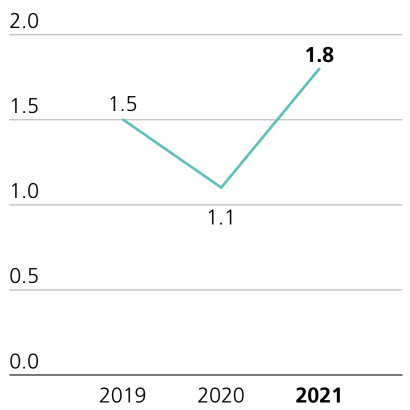
Lost Time Injury Rate[1,2]

(number per million man-hours)



Total Recordable Injury Rate[1,3]

(number per million man-hours)



[1] Group Health and Safety Performance is reported and recorded in accordance with the reporting requirements defined in the Group HSSE Health and Safety Performance Reporting Standards. The principles adopted in our standards are consistent with the general principles of the GRI Standards, the IOGP Reporting Standards, and guidelines by the US NIOSH. Occupational health and safety data covers employees and contractors in our operational assets and assets under construction. It also includes data from administrative offices and service companies. All injuries involved male employees and contractors

[2] 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

[3] In 2021, we streamlined our reporting to replace accident severity rate with total recordable injury rate. Total recordable injury rate is defined as the number of fatalities, lost work day cases, medical treatment cases, and restricted work cases per million man-hours worked

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 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

<u>Employee engagement</u>

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. Survey results are analysed and targeted action plans are developed to address areas of concern, with local human resources teams responsible for their implementation.

<u>Employee development</u>

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. In the event of organisational restructuring, transition assistance is provided to facilitate continued employability and the management of career endings.

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

- Talent review and succession planning framework, which includes the tracking of human capital risk supported by succession planning for key roles across multiple levels

Equipping Our People for the Green Transition

Right from the launch of our strategic transformation plan, we were cognisant that capabilities would be a key enabler for a successful transformation. Standing on a strong base of technical capabilities within our existing operations, we sought to further equip our employees with the right training and opportunities to pivot to green jobs.

Our Group Centre of Excellence and subject matter experts from respective businesses are tasked with institutionalising and scaling up knowledge sharing through e-learning on the Sembcorp Academy platform. Our human resources division sought to hire from within where possible.

In Singapore, more than 100 new green jobs were created since Sembcorp Solar Singapore was set up in 2017. At the end of 2021, over 20% of the employees were those who pivoted from our conventional energy operations; this includes 30% of the leadership team, who leveraged transferable skills from the conventional energy business and upskilled with new technical capabilities. Additionally, our in-house solar installer programme supports the development of contractors who are part of the renewable solar business ecosystem in Singapore. Since 2018, we have upskilled over 230 contractors who had no prior solar installation experience. In India, we have more than doubled the number of green jobs since our acquisition of Sembcorp Green Infra in 2016.

Our ESG Priorities

- Talent Development Framework
- Lead, Appraise and Develop (LeAD) performance management system
- Sembcorp Academy learning platform

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.

Our employee compensation framework is shared with and approved by 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 recreational and wellness activities
- Mandatory medical screenings for employees whose work may include occupational health hazards and voluntary free annual health screenings for 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 also offer our employees placements in different markets to encourage greater exposure and to diversify their skills and experience. In all our markets, we comply with and support local government regulations on local employment.

Our practices in these focus areas fall under the oversight of the chief corporate and human resource officer who is supported by the Group Human Resources, Group HSSE, Group Internal Communications and Group Sustainability divisions.

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

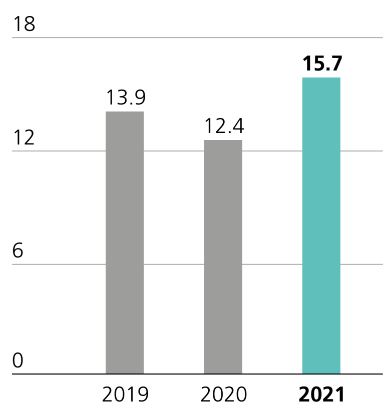
Reference frameworks
- UN Guiding Principles on Business and Human Rights
- UN Universal Declaration of Human Rights
- The Employers' Pledge of Fair Employment Practices under Singapore's Tripartite Alliance for Fair and Progressive Employment Practices

Performance
- Employee turnover was 15.7% in 2021 compared to 12.4% in 2020. This was largely due to an increase in the voluntary turnover rate which was 12.5% in 2021, up from 9.0% in 2020, mirroring the global trend of resignations
- We achieved an average of 27.0 training hours per employee in 2021, up from 23.6 training hours in 2020. Through 2020 and 2021, we focused on scaling up our virtual offerings on the Sembcorp Academy platform. In 2021, we registered over 10,000 learning hours on Sembcorp Academy, equivalent to a 60% increase from 2020

To find out how the Sembcorp Academy supports continuous learning, please refer to our Spotlight webpage.

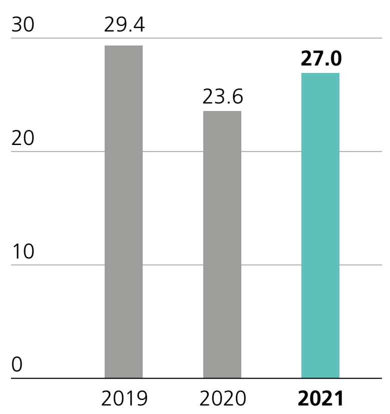
- We conducted employee engagement surveys across our markets. Feedback gathered were related to employee's understanding and alignment with our strategic transformation goals, and employee sentiments toward our efforts to create a safe workplace
- To further cultivate an engaged workforce, we transitioned our performance review model to a continuous performance management model, to drive a culture of continuous conversations. A peer review programme for key management personnel was introduced to facilitate additional insights on performance and developmental areas
- In 2021, we built on the success of our graduate development programme named LaunchPad, which was designed to attract high-calibre graduates from local universities in Singapore. These trainees were exposed to a structured programme, providing additional learning opportunities across a wide range of topics
- We were the top-ranked Singapore company in Forbes' 2021 list of the World's Best Employers

Employee Turnover[1] *(%)*



[1] The data covers both voluntary and involuntary turnover of permanent and contract employees of Sembcorp and its subsidiaries

Training Hours[1]
(average hours per employee)



[1] The data covers both permanent and contract employees of Sembcorp and its subsidiaries

Community
Why this is material
Sembcorp's long-term success is based on being a valued partner to the communities we serve in. We recognise that the nature of our business may result in varying degrees of economic, social and environmental impact, in direct or indirect ways, on the communities in which we operate.

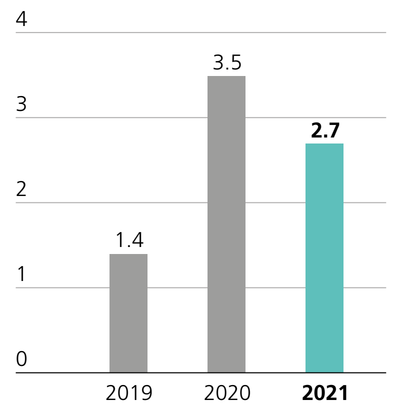
Our approach
We believe we can contribute to the sustainable development of our communities through our operations and community investments. Our local operations are best placed to understand the unique needs of the community and forge partnerships with local stakeholders. As such, market teams manage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

The Group Sustainability division oversees community-related issues. For our operations that are located among rural communities, we have dedicated community relations teams that regularly engage with the community. Community investments undergo a counterparty due diligence assessment conducted by the Group Ethics and Compliance division. Quarterly global community investment meetings are held to communicate plans and policies internally.

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 Framework and Guidance

Community Contributions
(S$ million)



Performance
- In 2021, Sembcorp contributed S$2.7 million through cash and in-kind donations to charities and community initiatives globally. This included over S$1.5 million in mandatory contributions and over S$6,000 in leveraged contributions. Of our total contribution, close to S$1.2 million was channelled to support pandemic-related causes

For more information on how we supported the community through the pandemic, please refer to page 26.

- In 2021, 82% of our operations supported communities through local community engagement and / or development programmes
- Despite pandemic restrictions, we remain committed to giving back to communities, caring for the environment and finding creative ways to engage stakeholders. Globally, our markets responded to community needs throughout the year as well as during our Sembcorp Gives Back Week held annually in September

Our ESG Priorities

Embedding Responsible Business Practices

Corporate Governance

Our Priorities

Maintaining an effective governance and decision-making structure

Ethical Business and Compliance

Our Priorities

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

Risk Management

Our Priorities

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

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. Our corporate governance practices are set out in the Corporate Governance Statement in our annual report.

Sembcorp's board of directors is 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 a clearly defined organisational structure that 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 Policy
- Corporate Governance Statement

Reference frameworks

- Singapore Code of Corporate Governance 2018

Performance

- We ranked ninth in the Singapore Governance and Transparency Index 2021, the leading index for assessing corporate governance practices of Singapore-listed companies
- We were recognised as the Most Transparent Company – Industrials, at the Securities Investors Association (Singapore) Investors' Choice Awards 2021
- We were awarded Most Outstanding Company in Singapore – Energy Sector, in the Asiamoney Asia's Outstanding Companies Poll 2021

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

We adopt various measures that aid in deterring non-compliance. These include annual mandatory training on the Code of Conduct and key policies, periodic review of the risks, controls, systems, procedures, know-your-counterparty screening and due diligence on key counterparties prior to contracting. We also leverage data analytics to identify any trends and anomalies that may require further action.

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

All employees are required to comply with the principles and requirements of our Code of Conduct. Performance incentives for all employees are linked 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, transfer and retention of confidential personal and business data. Our global businesses and data intermediaries that 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 2021, 100% of our employees received mandatory compliance training and acknowledged compliance to the Code of Conduct
- In addition to mandatory e-learning, we conducted 26 training workshops targeting employees whose work exposed them to higher risk of bribery and corruption. Over 1,200 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
- As part of our continuous improvement efforts, we updated and enhanced our Group Conflict of Interest Policy and Group Know-your-counterparties Policy
- We increased the scope of our Counterparty Screening and Due Dilligence compliance programme to include investments with counterparties that are governed under our investment approval process

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 2021, we paid a fine of S$58,000 in relation to the late payment of value added tax (VAT) in China arising from an erroneous application and computation of the VAT. This error has since been rectified. We also made a payment of S$8.5 million pertaining to the S$44 million civil settlement arising from the discharge of off-specification wastewater by a joint venture wastewater treatment company in China, as disclosed in our Annual Reports 2019 and 2020. We expect the final tranche payment of this civil settlement to conclude in 2022.

Risk Management

Why this is material

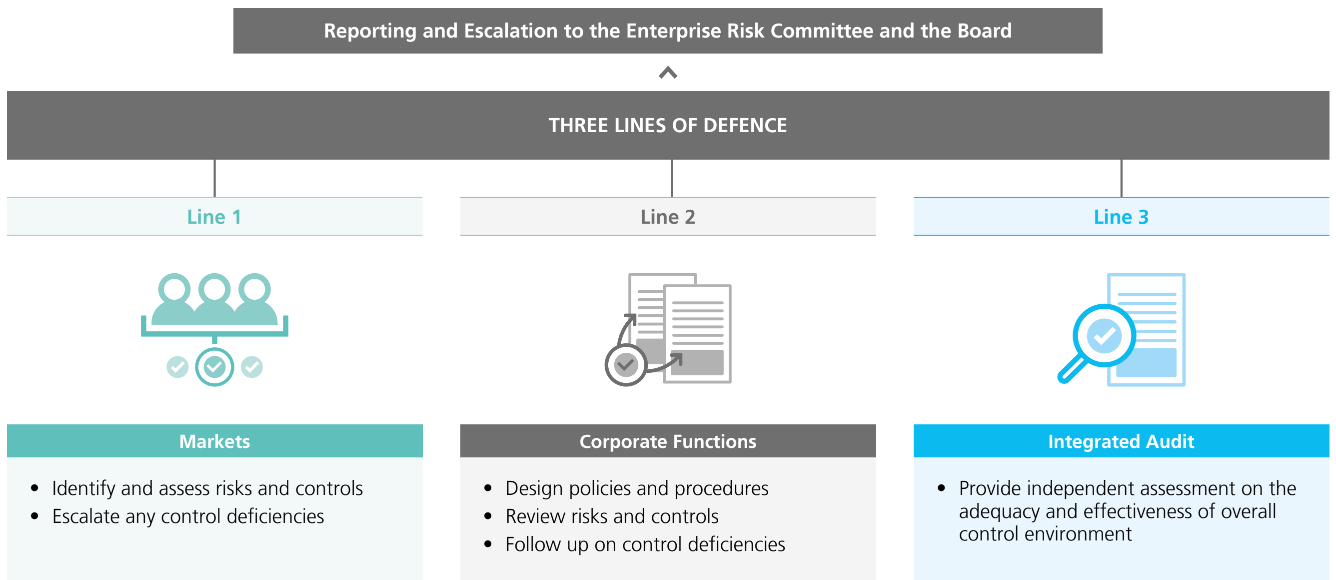
The global energy transition towards decarbonisation has led to significant risks and business model disruptions. As a diverse company with a global presence, we are exposed to various risks and threats.

Our approach

We manage risk through our IAF. Our risk management strategy and the IAF are 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.

Please refer to the Sustainability Governance section on page 26 for more details on our governance structure.

The board's Risk Committee reviews and enhances the effectiveness of the Group's IAF, including its risk management plans, systems, processes and procedures. It also regularly reviews group-wide risks including significant risk exposures as well as corresponding risk mitigation plans.



Our ESG Priorities

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. 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.

Economic

Sembcorp actively pursues global strategies to deliver sustainable long-term value and growth. This includes developing new capabilities and expanding our business in existing and new markets. 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.

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 sustainable development.

In addition to being committed to complying with all applicable environmental standards and requirements through our established internal policies and processes, we also invest in the latest technologies and utilise our capabilities to achieve better operational efficiencies and promote environmental sustainability.

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 are 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.

In line with our strategic transformation plan, we 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.

In addition, Sembcorp conducts our business in a responsible manner and makes a positive contribution to our communities. The Group is committed to high standards of business conduct, engaging our stakeholders and managing our environmental and social impact on local communities.

Governance

Sembcorp is committed to maintaining high standards of behaviour and integrity, and aims to be the best in class for governance practices. The Group complies 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.

Enterprise Risk Management

The Group is committed to ensuring effective enterprise risk management (ERM) through the IAF. The IAF sets out a systematic and structured approach towards risk management. It seeks to safeguard our people and assets, protect shareholders' interests, facilitate informed decision-making for value creation, and ultimately enhance our brand and reputation.

The IAF incorporates various industry risk management standards, such as ISO 31000 and the Enterprise Risk Management – Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission.

The Group has a whistle-blowing policy that sets out avenues for legitimate concerns to be objectively investigated and addressed. This policy and the communication channels are communicated across the organisation. Employees and third parties including suppliers and customers can use this channel to raise concerns about possible fraud, financial and / or other non-financial improprieties and irregularities that may adversely affect the company, in confidence. The Group will use reasonable endeavours to protect employees who whistle-blow in good faith and persons involved in the investigations, against detrimental actions. Cases will be investigated and reported to the board's Audit Committee.

If the outcome results in a proven case of wrongdoing or malpractice, disciplinary action, including loss recovery, shall be instituted against the related employees in accordance with the company's policy.

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

The Group Integrated Audit division provides independent assurance to the board's Risk Committee and Audit Committee on the adequacy and effectiveness of our risk management, financial reporting processes, and internal control and compliance systems.

The section below details our management of key risks across the organisation, which are not listed in order of significance.

Financial Risks

Risks	Management approach
Financial and commodity	Financial and market risks associated with foreign exchange rates, commodity prices and interest rates are managed through an established framework. The framework includes policies that set out the parameters for managing the Group's exposure in these areas. The Group utilises approved financial instruments, in accordance with risk management policies, to manage our financial and market risks. Transactions such as foreign exchange forwards, interest rate swaps, commodities swaps, exchange futures, 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 established financial authority limits, which seek to limit and mitigate operational risk by setting out the threshold of approvals required for entering contractual obligations and investments.
Default and counterparty credit	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 established to ensure that we transact with creditworthy counterparties. This is achieved via thorough credit analysis and limit-setting prior to entering into any business contract. Periodic credit reviews and credit exposures are monitored to detect deterioration of counterparties. 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. 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 a material impact on the Group.
Investment governance	The Group has a disciplined investment approval process, which covers the review of key risks and opportunities inherent in new investments, as well as a post-investment review to evaluate actual performance and outcomes. The findings help us refine our review of future investments. As part of our investment approval process, all new investments and transactions are reviewed by an independent cross-functional team that provides a risk assessment on the key assumptions and mitigation measures. In addition, to ensure that Sembcorp maintains diversification across different geographies, the Group has a country risk framework to monitor and report our global investment exposures. Our investment exposure thresholds define the limits that have been approved for each country and any deviation from these limits are reported to our board's Risk Committee.

Our ESG Priorities

Financial Risks (cont'd)

Risks	Management approach
Tax	Sembcorp complies with all relevant taxation laws, regulations and regulatory disclosure requirements. In addition, we comply with the Country-by-Country (CbC) reporting for Singapore multinational enterprise groups. We submit the CbC report annually in compliance with OECD guidelines and the requirements of the Inland Revenue Authority of Singapore.
Fraud	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 and communicated across the Group. The policy provides a framework encompassing preventive, detective and responsive measures.

Operational and Compliance Risks

Risks	Management approach
Crisis management and business continuity	A robust and effective crisis management framework is established and aligned 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. The Group actively monitors and responds to emerging threats and updates our strategies and mitigation measures accordingly, to prevent disruption across our global operations. 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 we respond effectively to crises and emergencies, while critical business functions recover and continue in a timely manner.
Health, safety, security and environment	A Group HSSE management system sets out the standard for management of HSSE across Sembcorp's global operations and provides guidance to business units in systematically managing HSSE risks associated with our activities and services. 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.
Insurance	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 on Teesside in the UK.
Bribery and corruption	We address the risk of bribery and corruption through an enterprise-wide anti-bribery and corruption (ABC) programme designed to ensure compliance with our ABC policy and includes counterparty due diligence. Our zero-tolerance towards bribery and corruption is regularly communicated to employees through awareness training and e-learning programmes. *Our Anti-bribery and Corruption Policy is available in the Reports and Policies section on our Sustainability webpage.*

Information Technology Risks

Risks	Management approach
Cybersecurity	Cyberattacks are a real and constant threat in this digital age. Cybersecurity risks include data breaches or loss, insider threats or national / state-wide cyberattacks that may result in a breach of industrial control systems or regulatory non-compliance. Our cybersecurity strategy is underpinned by careful use of defensive tools and a robust three-layer inspect, verify and validate attestation framework. Our Chief Digital Officer leads the Group's cybersecurity efforts, working with our technology suppliers, Internal Audit and board's Audit Committee to implement, assure and report cyber-related trends, respectively. Our cyber assurance framework is jointly developed in reference to industry best practices such as the National Institute of Standards and Technology Cybersecurity Framework and ISO 27001. Some of our plants are certified to ISO 27001. Change control, vulnerability assessments and penetration testing exercises are conducted on a periodic basis to ensure we operate in an optimal and cyber-secure digital environment.

Climate Change Risks

Risks	Management approach
Carbon exposure	Sembcorp is subject to national policies that impact carbon pricing in our key markets. Our conventional energy assets in Singapore, the UK and China are subject to carbon pricing regulations. To assess carbon exposure risk, we assess our GHG emissions (absolute and intensity) against our 2025 and 2030 emissions reduction targets. Additionally, we also conduct scenario analysis using business-as-usual, 2°C and 1.5°C scenarios for all our conventional energy assets. We use our internal carbon pricing tool to generate market-specific shadow carbon prices under different climate scenarios.

Performance

Financial Risks

Financial and commodity

For information on our market exposure, please refer to page 90 of the Consolidated Financial Statements.

Default and counterparty credit

For information on our credit and commercial exposure, please refer to page 98 of the Consolidated Financial Statements.

Investment governance

As at December 31, 2021, the business segments in which the Group has the largest investment exposure by total assets are in the Conventional Energy and Renewables segments. The countries outside of Singapore in which the Group has the largest investment exposure by total assets are India and China.

For information on our segment reporting, please refer to page 58 of the Consolidated Financial Statements.

Tax

For information on our tax disclosure, please refer to page 63 of the Consolidated Financial Statements.

Operational and Compliance Risks

Crisis management and business continuity

We continue to monitor the impact of the COVID-19 pandemic on our business operations and institute the necessary measures to protect the health and safety of our employees, as well as to mitigate the risks to our business.

Health, safety, security and environment

Health and safety issues arising from the pandemic remain a focus for the Group. Appropriate and timely measures have been undertaken to protect the health and safety of our staff, and to mitigate the risks to our business.

Insurance

No significant change in insurance policy or approach.

Information Technology Risks

Cybersecurity

Governance systems and processes are in place to ensure that Sembcorp stays prepared in the face of potential cyber threats. In 2021, we held numerous workshops, table-top exercises, as well as global phishing exercises. 12 data protection and cybersecurity awareness training workshops were conducted for close to 500 employees globally. Quarterly newsletters on security threats, best practices and phishing through social engineering were also shared regularly.

Climate Change Risks

Carbon exposure

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

Corporate Governance Statement

Sembcorp's corporate governance principles are built on integrity and reflect our commitment to enhance shareholder value.

Well-defined corporate governance processes are essential to enhancing the corporate accountability and long-term sustainability of Sembcorp. We are committed to high standards of governance to create, preserve and maximise long-term value for all our stakeholders.

This report sets out the company's corporate governance processes and activities for the financial year 2021 (FY2021) with reference to the principles set out in the Singapore Code of Corporate Governance 2018 (the Code), which is applicable to this corporate governance statement. The board is pleased to report that the company has complied in all material aspects with the principles and provisions set out in the Code, and any deviations are explained in this report.

We constantly review and refine our processes in line with best practices, consistent with the needs and circumstances of the Group. In 2021, Sembcorp ranked ninth in the Singapore Governance and Transparency Index, the leading index for assessing corporate governance practices of Singapore-listed companies. Sembcorp also received the Most Transparent Company Award (Industrials) at the SIAS Investors' Choice Awards 2021.

Board Matters

Board's Conduct of Affairs (Principle 1)

Effective board to lead and effect controls

Temasek Holdings (Temasek) is Sembcorp's substantial shareholder. As a Temasek portfolio company, Sembcorp is committed to sound corporate governance practices that include having an independent and high-calibre board.

Sembcorp is led by a 10-member board including Chairman Ang Kong Hua and Group President & CEO Wong Kim Yin. The board, which largely comprises independent non-executive directors, leverages its diversity and experience to provide sound leadership to management.

The composition of the board and its committees is set out in the table below.

Role of the board

The board's principal duties are to:

- Provide leadership and guidance to management on the Group's overall strategy with a focus on value creation, innovation and to ensure the necessary financial and human resources are in place, deployed and optimised;
- Ensure the adequacy of the Group's risk management together with internal controls framework and standards including ethical standards, so that our obligations to shareholders and stakeholders are met;
- Review management performance and oversee the Group's overall performance objectives, key operational initiatives, financial plans and annual budget, major investments, divestments and funding proposals, financial performance reviews and corporate governance practices; and
- Provide guidance and oversight on sustainability issues, including the determination of material environmental, social and governance factors, as part of the Group's overall business strategy.

The directors and executive officers of the company have each given an undertaking that in the exercise of his powers and duties as a director or executive officer of the company, he shall use his best endeavours to comply with the requirements of the Listing Manual of the Singapore Exchange Securities Trading (SGX-ST) that are in force from time to time, and to use his best endeavours to procure that the company shall so comply.

Delegation by the board

The board has established the following board committees with written terms of reference to assist in the efficient discharge of responsibilities and provide independent oversight of management:

- Executive Committee (ExCo)
- Audit Committee (AC)
- Risk Committee (RC)
- Executive Resource & Compensation Committee (ERCC)
- Nominating Committee (NC)
- Technology Advisory Panel (TAP)

Special purpose committees are also established from time to time as dictated by business imperatives.

The composition of the board committees is structured to ensure an equitable distribution of responsibilities among board members, to maximise the effectiveness of the board and to foster active participation and contribution. Considerations include diversity of experience, appropriate skills and the need to maintain appropriate checks and balances amongst the different committees.

The Group has internal controls and guidelines that set out financial authorisation and approval limits for borrowings, including off-balance sheet commitments, investments, acquisitions, disposals, capital and operating expenditures, requisitions and expenses. Investments and transactions exceeding threshold limits require board approval while those below the threshold limits are approved by the ExCo and management to facilitate operational efficiency.

The roles and responsibilities as well as key activities of each board committee are explained in this corporate governance statement. The current composition of these board committees is set out in the table on the bottom left.

Name	First Appointed	Last Re-elected / Re-appointed	Nature of Appointment	Board Committees: ExCo	AC	RC	ERCC	NC	TAP
Ang Kong Hua	Feb 26, 2010	May 21, 2020	Chairman Non-executive / Independent	C			C	C	C
Tham Kui Seng*	Jun 1, 2011	Apr 18, 2019	Non-executive / Independent	M			M		
Ajaib Haridass*	May 1, 2014	Apr 18, 2019	Non-executive / Independent		M	C			
Nicky Tan Ng Kuang**	Nov 1, 2015	Apr 18, 2019	Non-executive / Independent	M			M	M	M
Yap Chee Keong	Oct 1, 2016	May 21, 2020	Non-executive / Independent		C	M			
Dr Josephine Kwa Lay Keng	Aug 1, 2018	Apr 22, 2021	Non-executive / Independent						M
Nagi Hamiyeh	Mar 3, 2020	May 21, 2020	Non-executive / Non-independent	M				M	
Lim Ming Yan	Jan 18, 2021	Apr 22, 2021	Non-executive / Independent		M	M	M		M
Tow Heng Tan*	Jun 1, 2021	N.A.	Non-executive / Non-independent	M					
Wong Kim Yin	Jul 1, 2020	Apr 22, 2021	Executive / Non-independent	M					M

C: Chairman M: member

* Up for retirement and seeking re-election at the upcoming AGM

** Up for retirement but not seeking re-election and will retire at the upcoming AGM

Executive Committee

The ExCo assists the board in developing the overall strategy for the Group and supervises management of the Group's business and affairs. Its principal responsibilities are to:

- Review and approve business opportunities, major contracts, strategic investments and divestments of the Group that fall within the financial authority limits delegated by the board;
- Evaluate and recommend for board approval, investments, capital and operating expenditures, and divestments that are above the financial authority limits; and
- Review the performance of the Group's new investments or projects against the approved financial model periodically.

Information on ExCo members are found on pages 20 to 21.

Audit Committee

All members of the AC are non-executive and independent directors. Its main responsibilities are to:

- Review the Group's financial and accounting matters, as well as internal controls encompassing operational, compliance, risk management and information technology (IT).

  This includes ensuring the adequacy and accuracy of the half-yearly and annual financial statements prior to submission to the board;
- Review the respective audit work plans, evaluation and reports by external and internal auditors as well as to optimise the allocation of audit resources in line with key business, operational and financial risk areas;
- Review internal controls and procedures, and ensure coordination between external and internal auditors as well as management;
- Review the assistance rendered by management to the auditors and discuss issues or concerns (if any) arising and to conduct discussions with auditors in the absence of management (where necessary);
- Review and discuss with external and internal auditors and management any suspected fraud, irregularity or suspected infringement of rules, regulations and laws which may have material impact on the operations and financial position of the company;
- Review the independence, objectivity, scope and effectiveness, appointment or re-appointment of external auditors annually;
- Review interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Rules; and

Corporate Governance Statement

- Undertake reviews as requested by the board and other duties as prescribed by statutes and the SGX-ST Listing Rules or recommended by the Code and by such amendments made thereto from time to time.

Information on AC members are found on pages 20 to 21.

Risk Committee R
The principal functions of the RC, comprising non-executive and independent directors, are to:

- Review and endorse the Group's policies, guidelines and systems that govern the process for assessing and managing risks, including the risk appetite;
- Review the adequacy and effectiveness of the risk management systems, processes and procedures of the Group;
- Review risk-related reports submitted by management that include updates on the Group's risk portfolio, reports on major risk exposures and related issues as well as mitigating actions; and
- Review the infrastructure and resources in place to support the management of risks.

Information on RC members are found on pages 20 to 21.

Executive Resource & Compensation Committee C
Comprising non-executive and independent directors, the ERCC is responsible for developing, reviewing and recommending the framework of remuneration for the board and key management personnel as defined in the Code, as well as reviewing succession plans for key management personnel. Key responsibilities are to:

- Assist the board by ensuring that competitive remuneration policies and practices are in place, in line with prevailing economic environment, industry practices and compensation norms;
- Review the Directors' Fee Framework and remuneration package of the Group President & CEO and each key management personnel of the Group periodically, and make recommendations on such matters to the board for its consideration;
- Establish guidelines on share-based incentives and other long-term incentive plans and approve the grant of such incentives to key management personnel; and
- Review succession planning for key management personnel and the leadership pipeline for the organisation.

Information on ERCC members are found on pages 20 to 21.

Nominating Committee N
All members of the NC are non-executive directors, the majority of whom are independent. It helps to ensure a sound, balanced and independent board for the continued success of the company. Its principal responsibilities are to:

- Ensure that the board has the right balance of skills, attributes, knowledge and experience in business, finance and related industries, as well as management expertise critical to the company's businesses;
- Review the composition and size of the board and its committees and recommend new appointments, re-appointments or re-elections to the board and board committees as appropriate;
- Review and endorse the directors' independence and succession plans for the board;
- Develop an evaluation process and criteria for the board and board committees' performance; and
- Review and recommend training and professional development programmes for the directors.

Information on NC members are found on pages 20 to 21.

Technology Advisory Panel T
The TAP includes two co-opted members, Prof Ng How Yong and Prof Lui Pao Chuen. Its principal responsibilities are to:

- Provide guidance to the Group on our vision and strategy in leveraging technology to enhance Sembcorp's leadership in our business sectors;
- Advise on technology areas for research and development (R&D) and investment;
- Oversee the development and application of significant emerging and potentially disruptive technologies relevant to Sembcorp;
- Advise on the appropriate management of specialised R&D projects;
- Provide guidance to develop systems for intellectual property creation and protection; and
- Advise Sembcorp's board and management on technological trends and opportunities in line with the company's growth strategies.

Information on TAP members are found on page 22.

Directors' Attendance at Board and Board Committee Meetings in 2021

Board member	Board	E ExCo	A AC	R RC	C ERCC	N NC	T TAP	AGM
Total number of meetings held in 2021	**8**	**7**	**6**	**4**	**5**	**1**	**4**	**1**
Ang Kong Hua	8	7	–	–	5	1	4	1
Tham Kui Seng	8	7	–	–	5	–	–	1
Ajaib Haridass	8	–	6	4	–	–	–	1
Nicky Tan Ng Kuang[1]	8	7	–	–	5	1	4	1
Yap Chee Keong	8	–	6	4	–	–	–	1
Dr Josephine Kwa Lay Keng	8	–	–	–	–	–	4	1
Nagi Hamiyeh	7*	5*	–	–	–	–	–	1
Lim Ming Yan[2]	8	–	5	3	3	–	4	1
Tow Heng Tan[3]	6	5	–	–	–	–	–	–
Wong Kim Yin	8	7	–	–	–	–	4	1
Tan Sri Mohd Hassan Marican[4]	1	–	–	–	2	1	–	1
Dr Teh Kok Peng[5]	1	–	2	1	–	–	1	1
Jonathan Asherson OBE[6]	1	–	2	1	–	–	1	1

* Could not attend and conveyed his views / comments for consideration prior to meeting
1 Mr Tan was appointed as a member of TAP on February 22, 2021
2 Mr Lim was appointed as a director on January 18, 2021, member of AC, RC and TAP on February 22, 2021, ERCC on June 1, 2021
3 Mr Tow was appointed as a director and member of ExCo on June 1, 2021
4 Tan Sri Mohd Hassan retired as director, member of ERCC and NC on April 22, 2021
5 Dr Teh retired as director, member of AC, RC and TAP on April 22, 2021
6 Mr Asherson retired as director, member of AC, RC and TAP on April 22, 2021

Meetings and attendance
The board meets regularly to review and approve the release of the company's financial results, deliberate on business strategies and key business issues. It approves the Group's annual budget for each year. During these meetings, the Group President & CEO provides updates on the company's development and business prospects while each board committee reports on its activities. Time is also set aside for non-executive directors to discuss management performance during which the Group President & CEO and members of management will recuse themselves. Minutes recording key board deliberations and decisions are circulated to all board members for their acknowledgement and information.

Ad hoc board meetings may convene when necessary to consider other specific matters. Annual off-site strategic review meetings are organised to facilitate in-depth discussions between the board and management on the Group's strategy and other key issues. In view of the travelling restrictions arising from the global COVID-19 pandemic, the off-site meeting was held in Singapore in November 2021.

Board and board committee meetings, as well as annual general meetings (AGMs) are scheduled in consultation with the directors before the start of each year, with the aim of achieving full attendance for all meetings. Directors who are unable to attend in person are allowed to participate remotely through voice calls or video conferencing. If a director is unable to attend any board or board committee meeting, he will be sent the papers tabled for discussion and will have the opportunity to separately convey his views to the Chairman for consideration or further discussion. If necessary, a separate session may be organised for management to brief that director and obtain his comments and / or approval.

Decisions made by the board and board committees may be obtained at meetings or via circular resolutions. To avoid any conflict of interests, directors disclose personal interests in transactions and recuse themselves from discussions and decisions.

The directors' attendance at board and committee meetings held during FY2021 is set out above.

Board orientation and training
The company has a formal and structured orientation framework and program for all directors. All new directors receive formal letters of appointment explaining the Group's governance policies and practices, as well as their duties and obligations. They also receive an information pack that acts as an *aide-memoire* for information covered in the induction programme. This includes briefings on board policies, processes, presentations by senior management about Sembcorp,

Corporate Governance Statement

overall strategic plans and direction, financial performance and business activities in various markets. Visits to facilities are also organised. The company has put in place an online database centralising all essential information and corporate documents of the company for access by the directors. Training is provided for new directors with no prior listed company experience on the roles and responsibilities as a director of a listed company as prescribed by SGX-ST. The company also ensures that directors are kept up to date on changes to regulations, guidelines and accounting standards as well as other relevant trends or topics including the outlook of various markets, global macro views and updates to the Code. These are done either during board meetings or at specially convened training sessions or seminars conducted by external professionals which are funded by the company.

In 2021, the directors participated in the following briefings and updates provided by the company:

- Briefing on Investment Environment Outlook by external chartered financial analyst;
- Briefings on developments in accounting and governance standards presented by Sembcorp's external auditors at AC meetings;
- Updates on the Group's business and strategic developments presented by the Group President & CEO to the board;
- Update on the Integrated Assurance Framework presented by the Group Integrated Audit and Group Risk departments to both the AC and RC;
- Overviews presented by the Group Risk department to the RC and AC on the Group's risk and controls environment and updates relating to risk management initiatives and key emerging threats;
- Briefings by the Group Sustainability department to the RC on sustainability matters;
- Updates on investor relations activities presented by Group Investor Relations department to the RC;
- Presentation on digital strategy and roadmap by the Group Digital department to the RC;
- Presentation on Integrated Assurance Framework on Group Digital's risk and controls by the Group Digital department to the AC and RC; and
- Updates on our cyber posture, key performance indicators and road map by the Group Digital department to the AC and RC.

Relevant articles and reports are also circulated to the directors for information. Furthermore, directors regularly visit the Group's operations in different key markets, to enhance their understanding of our businesses as well as to promote active engagement and to foster stronger relationships with stakeholders. In July 2021, directors attended the official opening ceremony of the Sembcorp Tengeh Floating Solar Farm in Singapore which was graced by Prime Minister Lee Hsien Loong. Situated at Tengeh Reservoir and with a capacity of 60 megawatt-peak, it is one of the world's largest inland floating solar systems and will contribute to Singapore's goal of quadrupling solar energy deployment by 2025.

Complete, adequate and timely information

Complete, adequate and timely information is vital for directors to make informed decisions and discharge their duties well. They must also be kept abreast of the Group's operational and financial performance, key issues, challenges and opportunities. Financial highlights of the Group's performance and key developments are presented at board meetings on a quarterly basis. The Group President & CEO, Group Chief Financial Officer (CFO) and senior management members attend board and board committee meetings to provide insight into matters under discussion and to address queries from the board.

To reduce paper consumption, directors are provided with electronic tablets to access board and board committee papers prior to and during meetings. As a general rule, all relevant board papers are made available to directors a week before meetings to allow sufficient time for review. Should additional information or consultation be required, the board has ready and independent access to the Group President & CEO, Group CFO, senior management, company secretary, internal and external auditors, and counsel.

Company Secretary

The appointment and removal of the company secretary are subject to the board's approval. The company secretary assists the Chairman by ensuring a good flow of information within the board and its committees as well as between the board and senior management. In addition, the company secretary attends to corporate and administrative matters, including arranging orientations for new directors and assisting with their professional development as required. In consultation with the Chairman and Group President & CEO, the company secretary assists with the scheduling of board and board committee meetings and prepares meeting agendas. The company secretary also administers, attends and minutes board proceedings.

The company secretary assists in ensuring the Group's compliance with the company's constitution and applicable regulations including requirements of the Companies Act, Securities & Futures Act and SGX-ST Listing Manual. The company secretary also acts on behalf of the company to liaise with SGX-ST, the Accounting and Corporate Regulatory Authority (ACRA) and when necessary, its shareholders.

Director Experience / Skills Matrix

Experience / Skills	Industry experience	Senior management experience	Strategic planning	Audit / Accounting & Finance	Legal	IT	R&D	Risk management	HR management
Ang Kong Hua	✓	✓	✓	✓		✓	✓	✓	✓
Tham Kui Seng	✓	✓	✓	✓				✓	✓
Ajaib Haridass	✓	✓	✓	✓	✓			✓	✓
Nicky Tan Ng Kuang	✓	✓	✓	✓				✓	✓
Yap Chee Keong	✓	✓	✓	✓		✓		✓	✓
Dr Josephine Kwa Lay Keng	✓	✓	✓	✓		✓	✓	✓	✓
Nagi Hamiyeh	✓	✓	✓	✓		✓		✓	✓
Lim Ming Yan	✓	✓	✓	✓				✓	✓
Tow Heng Tan	✓	✓	✓	✓				✓	✓
Wong Kim Yin	✓	✓	✓	✓		✓	✓	✓	✓

Independent professional advice

In the furtherance of its duties, the board has full discretion to seek independent professional advice at the company's expense, where necessary.

Board Composition and Guidance (Principle 2)

Independence and diversity of the board

Board composition and diversity

The company has in place a Board Diversity Policy which sets out principles to maintain diversity on board composition, as well as to ensure effective decision-making and governance of the company.

Board members include business leaders and professionals from the engineering, power and gas and real estate industries to accountancy, banking and finance, legal and technology R&D sectors. In addition to contributing their valuable expertise and insights to board deliberations, best efforts have been made to ensure that directors also bring independent and objective perspectives to allow balanced and well-considered decisions to be made.

The board is of the view that the directors collectively provide an appropriate balance and mix of skills, knowledge and experience as well as other aspects of diversity including gender and age.

The current board comprises 10 directors including seven independent directors. With the exception of the Group President & CEO, all directors are non-executive and independent of management in terms of judgement. This helps to assure objectivity on issues deliberated.

Profiles of the directors are found on pages 20 to 21.

Review of directors' independence

The board assesses each director's independence annually, with a focus on their capacity to bring independence of judgement to board decisions. Directors are required to complete a Director's Independence Checklist based on the provisions in the Code. The checklist also requires each director to assess whether he considers himself independent despite involvement in any of the relationships identified in the Code. Thereafter, the NC reviews the completed checklists, assesses the independence of the directors and presents its recommendations to the board.

In 2021, all directors except Mr Wong, Mr Hamiyeh and Mr Tow declared themselves to be independent. As a result of the disclosures received, the board also assessed the independence of Dr Kwa and Mr Lim as elaborated below. The board has determined that with the exception of Mr Wong, Mr Hamiyeh and Mr Tow, all members of Sembcorp's board for 2021 are independent.

Mr Wong is the Group President & CEO and an executive director of Sembcorp. Mr Hamiyeh is the joint head of Temasek's investment group and concurrently the head of portfolio development. Mr Tow is chief executive officer of Pavilion Capital International, a subsidiary of Temasek.

Corporate Governance Statement

Dr Kwa is a director of the Agency for Science, Technology and Research (A*STAR), with which Sembcorp is jointly researching R&D projects mainly under the Sembcorp-EMA Energy Technology Partnership, for which the company has made payment in excess of S$200,000 for project costs. The board is of the view that the amount paid to A*STAR is insignificant in the context of the Group's earnings and Dr Kwa's directorship on A*STAR will not interfere with her ability to exercise independent judgement and act in the best interests of Sembcorp.

Mr Lim was the corporate advisor to Temasek International Advisors, a subsidiary of Temasek, till he stepped down in September 2021. His role was non-executive in nature and he was not involved in its day-to-day conduct of business. He was not accustomed or under any obligation, formal or informal, to act in accordance with the directions, instructions or wishes of Temasek. The board believes that Mr Lim has acted in the best interests of Sembcorp.

Under the Code and SGX-ST Listing Rule 210(5)(d)(iii) which took effect from January 1, 2022, any director serving more than nine years will not be deemed to be independent unless his continued appointment as an independent director has been approved in separate resolutions by (a) all shareholders, and (b) all shareholders excluding shareholders who also serve as directors or the Group President & CEO or their associates.

Mr Ang and Mr Tham have each served the board for more than nine years. After a rigorous review, the board is of the opinion that their length of service has not affected their independence and that their institutional knowledge is advantageous to the Group. They have accumulated deep knowledge of the business and made valuable contributions to the board, particularly to the management team and especially during Sembcorp's ongoing transformation journey. The continued appointment of both Mr Ang and Mr Tham as independent directors has been approved by shareholders at the AGM held on April 22, 2021 (2021 AGM) pursuant to SGX-ST Listing Rule 210(5)(d)(iii). Such approval shall continue in force for three years i.e. until the conclusion of the third AGM after the 2021 AGM.

Chairman and Chief Executive Officer (Principle 3)

Clear division of responsibilities between the board and management

The Chairman and the Group President & CEO are not related. Their roles are kept separate to ensure a clear division of responsibilities, greater accountability and increased capacity for independent decision-making.

The Chairman helms the board, ExCo, ERCC, NC and TAP. He chairs all general meetings and plays a pivotal role in fostering constructive dialogue between shareholders, the board and management.

The Chairman provides leadership and guidance to management, particularly with regard to global growth strategies and project investments. He ensures that board and board committee meetings are conducted in a manner that promotes open communication, participation and decision-making. He advises management and monitors follow-up actions, ensuring that board decisions are translated into executive action.

The Group President & CEO makes strategic proposals to the board. He develops and manages the company's businesses in accordance with board approved strategies, policies, budgets and business plans, and ensures accountability while providing guidance and leadership to key management personnel.

The board has ascertained that there is a strong element of independence on the board and there is no necessity to appoint a lead independent director as seven out of 10 directors, including the Chairman, are independent.

Board Membership (Principle 4)

Formal and transparent process for the appointment and re-appointment of directors

Succession planning, appointment and re-appointment of directors

The NC seeks to refresh board membership progressively and in an orderly manner. All appointments to the board are made based on merit, measured against objective criteria while taking into account the individual's skills, experience, knowledge and competencies. They must also be able to discharge their responsibilities while upholding the highest standards of governance.

The board recognises the contributions of directors who have over time, developed deep insights into the Group's businesses. It exercises discretion to retain the services of such directors where appropriate, to avoid an abrupt loss of experienced directors.

When the need for a new director arises, the NC consults with the board and management and identifies a shortlist of potential candidates. Candidates are sourced through a network of contacts and appropriate external databases. Criteria include skill sets, experience, age, gender, race, ethnicity, nationality, educational and professional background, length of service and other relevant personal attributes, cognitive skills and lateral thinking. The NC interviews candidates and makes its recommendations for the board's approval.

The company subscribes to the principle that all directors, including the Group President & CEO, should retire and submit themselves for re-election at regular intervals, subject to their continued satisfactory performance. The company's constitution requires a third of our directors to retire and subject themselves for re-election by shareholders at every AGM (one-third rotation rule).

In addition, all newly appointed directors should submit themselves for retirement and re-election at the AGM immediately following their appointment. Thereafter, these directors are subject to the one-third rotation rule.

Pursuant to the one-third rotation rule, Mr Tham, Mr Haridass and Mr Tan are due to retire at the forthcoming AGM. Mr Tham and Mr Haridass have offered themselves for re-election. Mr Tan will not be seeking re-election and will be retiring at the upcoming AGM on April 21, 2022.

Mr Tow, who was newly appointed to the board on June 1, 2021, will also retire and has offered himself for re-election at the upcoming AGM.

The board does not encourage the appointment of alternate directors. No alternate director has been or is currently appointed to the board.

Review of directors' time commitments

While reviewing the re-appointment and re-election of directors, the NC also considers the directors' other board representations and principal commitments to ensure they have sufficient time to discharge their responsibilities to the board and Sembcorp adequately. The board has adopted an internal guiding principle that seeks to address competing time commitments that may be faced when a director holds multiple directorships. As a general rule, the board has determined that any Sembcorp director should not hold more than five listed company directorships. However, the board recognises that the individual circumstances and capacity of each director are unique and there may be instances in which the limit on board appointments may differ as appropriate.

Following a review and recommendation by the NC, the board is satisfied that all directors have afforded sufficient time and attention to the affairs of the company to discharge their duties adequately during 2021.

Board Performance (Principle 5)

Active participation and valuable contributions are key to the overall effectiveness of the board

Board evaluation process and performance criteria

The board believes that its performance is inextricably linked to the long-term performance of the Group.

Each year, in consultation with the NC, the board assesses its performance to identify key areas for improvement and the requisite follow-up actions. The assessment helps directors maintain their focus on key responsibilities, while improving board performance.

To facilitate this process, each director must complete a questionnaire on the effectiveness of the board, board committees and individual directors' contribution and performance. The evaluation considers factors including the size, composition, development and effectiveness of the board and its committees, processes and accountability, information and technology management, decision-making processes, risk and crisis management, succession planning, communication with senior management and stakeholder management. Assessments and feedback are consolidated and tabled for discussion by the board. The NC periodically reviews and refines the directors' questionnaire to enhance the evaluation process.

For FY2021, the evaluation indicated that the board and its committees continued to perform effectively to support Sembcorp.

Remuneration Matters

Procedures for Developing Remuneration Policies (Principle 6)

Formal and transparent procedure for developing policies on director and executive remuneration

With the assistance of the ERCC, the board ensures that a formal policy and transparent procedure for determining the remuneration of executives and directors are in place.

As a principle, the Group President & CEO or any executive or board member will recuse themselves from discussions relating to their respective compensation, terms and conditions of service, and performance reviews.

The ERCC has access to expert professional advice on human resource matters whenever the need arises. In 2021, Willis Towers Watson was engaged to provide such advice, including the validation of pay levels and compensation structure of the Group President & CEO against the industry and market, thereby ensuring rigorous design and application of the executive compensation framework. ERCC undertook a review of the independence and objectivity of Willis Towers Watson and confirmed that the Group had no relationship with the firm that would affect its independence.

The ERCC reviews the development of management and senior staff, and assesses their strengths and development needs based on the Group's leadership competencies framework. Each year, the ERCC reviews succession planning for the position of Group President & CEO, his direct reports and other selected key positions in the company. Potential internal and external candidates for succession are reviewed according to immediate, medium- and long-term needs.

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In addition, the ERCC also reviews the company's obligations arising in the event of termination of the contracts of service of the Group President & CEO and key management personnel, to ensure that such contracts contain fair and reasonable termination clauses.

Level and Mix of Remuneration (Principle 7)

A competitive reward system ensures the highest performance and retention of directors and key management personnel

A competitive remuneration and reward system based on individual performance is important to attract, retain and incentivise the best talent. Sembcorp believes that our remuneration and reward system aligns with the long-term interests of shareholders and the risk and return policies of the company.

Non-executive directors' fees
The Directors' Fee Framework was reviewed by our external consultants Willis Towers Watson in 2021, and is aligned with the current market. It is based on a scale of fees divided into basic retainer fees, attendance fees and allowances for service on board committees.

The directors' fees payable to non-executive directors are paid in cash and in share awards under the restricted share plan. Up to 30% of the aggregate directors' fees approved by shareholders for a particular financial year may be paid out in the form of restricted share awards. The payment of directors' fees (both cash and share components) is contingent on shareholders' approval. Directors and their associates also abstain from voting on any resolution(s) relating to their remuneration. The company does not have a retirement remuneration plan for non-executive directors.

Share awards granted under the restricted share plan to non-executive directors as part of directors' fees comprise the grant of fully paid shares with no performance and vesting conditions but subject to a selling moratorium. Non-executive directors are required to hold shares in the company (including shares obtained by other means) worth the value of their annual basic retainer fee (currently S$75,000); any excess may be disposed of as desired, subject to SGX-ST listing rules. A non-executive director may only dispose of all of his shares one year after leaving the board. Subject to shareholders' approval at the forthcoming AGM, the cash component of the directors' fees for the financial year 2022 (FY2022) is intended to be paid half-yearly in arrears. The actual number of shares to be awarded to each non-executive director will be determined by reference to the volume-weighted average price of a share on the SGX-ST over the 14 trading days from (and including) the day the shares are first quoted ex-dividend after the AGM (or, if the resolution to approve the final dividend is not passed, over the 14 trading days immediately following the date of the AGM). The number of shares to be awarded will be rounded down to the nearest hundred and any residual balance will be settled in cash. The share component of the directors' fees for FY2022 is intended to be paid in 2023 after the AGM has been held.

Directors' Fee Framework for FY2021*

	S$
Retainer fee (per annum)	
Chairman (all-in fee)[1]	750,000
Director's basic retainer	75,000
Chairman, Executive Committee	50,000
Chairman, Audit Committee	50,000
Chairman, Risk Committee	35,000
Chairman, Executive Resource & Compensation Committee	35,000
Chairman, Nominating Committee	25,000
Chairman, Technology Advisory Panel / Others	25,000
Member, Executive Committee	30,000
Member, Audit Committee	30,000
Member, Risk Committee	20,000
Member, Executive Resource & Compensation Committee	20,000
Member, Nominating Committee	15,000
Member, Technology Advisory Panel / Others	15,000
Attendance fee (per meeting)	
Board meeting (Local)[2]	2,500
Board meeting (Overseas)[2]	5,000
Committee / General meeting (Local)[2]	1,500
Committee / General meeting (Overseas)[2]	3,000
Committee / AGM & EGM (flat fee)[3]	1,000
Teleconference (per meeting)	
Board meeting	1,500
Board committee meeting	1,000
General meeting	1,000

Notes:
* The Directors' Fee Framework applies to all directors except the Group President & CEO, who is an executive director and does not receive any directors' fees
1 With effect from January 1, 2014, the Chairman of our board only receives one all-in chairman's fee. He does not receive the directors' basic fee, nor any further fees or allowances for serving as a chairman or member of any of our board committees
2 Local – home country of the directors
Overseas – outside home country of the directors
3 Attendance fee for attending committee meetings is payable if such meetings are held on separate days from the board meeting. In the event that the committee meeting is held on the same day as the board meeting, only a flat fee of S$1,000 is payable

Directors' Remuneration
Based on the Directors' Fee Framework, the computation of non-executive directors' fees totalled S$2,158,350 in 2021 (2020: S$2,049,165).

	Directors' fees	
Name of Non-Executive Director	Cash-based S$'000	Share-based S$'000
Payable by Company		
Ang Kong Hua	525	225
Tham Kui Seng	115	49
Ajaib Haridass	124	53
Nicky Tan Ng Kuang[1]	140	60
Yap Chee Keong	127	54
Dr Josephine Kwa Lay Keng	82	35
Nagi Hamiyeh[2]	102	44
Lim Ming Yan[3]	128	55
Tow Heng Tan[4]	58	25
Tan Sri Mohd Hassan Marican[5]	51	–
Dr Teh Kok Peng[6]	54	–
Jonathan Asherson OBE[7]	54	–
Payable by Subsidiaries		
Tham Kui Seng	30	–

Notes:
* The Group President & CEO, Mr Wong Kim Yin, is an executive director and does not receive directors' fees from Sembcorp
1 Mr Tan was appointed as a member of TAP on February 22, 2021
2 Mr Hamiyeh was appointed as a member of NC on February 22, 2021
3 Mr Lim was appointed as a director on January 18, 2021, member of AC, RC and TAP on February 22, 2021, member of ERCC on June 1, 2021
4 Mr Tow was appointed as a director and member of ExCo on June 1, 2021
5 Tan Sri Mohd Hassan retired as director, member of ERCC and NC on April 22, 2021
6 Dr Teh retired as director, member of AC, RC and TAP on April 22, 2021
7 Mr Asherson retired as director, member of AC, RC and TAP on April 22, 2021

Details of the performance shares and restricted shares granted to the directors are set out in the Directors' Statement on pages 45 to 46.

Remuneration for key management personnel
Sembcorp's remuneration and reward system for key management personnel is designed to ensure competitive compensation to attract, retain and motivate key senior management and senior executives, to drive for superior performance and sustainable growth, so as to align with the interests of shareholders. The correlation between pay and performance has been validated based on the pay-for performance study conducted by our external consultants, Willis Towers Watson, in 2021.

- **Fixed remuneration**
  Fixed remuneration includes an annual basic salary and, where applicable, fixed allowances, an annual wage supplement and other emoluments. Base salaries take into consideration the scope, criticality and complexity of each role, equity against peers with similar responsibilities, experience and competencies, individual performance and market competitiveness.

- **Annual performance bonuses**
  The annual performance bonus recognises the outcome and contributions of the individual, while driving the achievement of key business results for the company. The annual performance bonus includes two components based on individual performance, achievement of pre-agreed targets and economic value added (EVA) to the company.

  The performance target bonus is linked to the achievement of the balanced scorecard which comprises financial and non-financial performance targets comprising strategy, business processes and organisation and people development.

Corporate Governance Statement

The performance target bonus is subject to the actual achievement of the balanced scorecard of the Group, business unit and individual performance assessment.

An EVA-linked "bonus bank" is created for each key management personnel. Typically, one-third of the bonus bank balance is paid out in cash each year and the remainder are carried forward. The carried forward balances may be reduced (claw-back) or increased in future, based on the yearly EVA performance of the company and its subsidiaries. There are provisions in the EVA incentive plan to allow for forfeiture of the outstanding balances in the bonus bank in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the company.

- **Share-based incentives**
  The Sembcorp Industries Performance Share Plan 2020 (SCI PSP) and Sembcorp Industries Restricted Share Plan 2020 (SCI RSP) help to motivate key management personnel to keep striving for the Group's long-term shareholder value. In addition, our share-based incentive plans aim to align the interests of participants and shareholders, to improve performance and achieve sustainable growth for the company.

  The performance share award is granted to the Group President & CEO and key management personnel, while the restricted share award is granted to a broader group of executives. The number of performance and restricted shares awarded is determined using a valuation of the shares based on a Monte Carlo simulation. The share awards are conditional upon the achievement of pre-determined performance targets over the performance period. The performance conditions and targets are approved by the ERCC at the beginning of the performance period and the final number of shares vested to the recipient will depend on the level of achievement of these targets over the performance period, subject to the approval of the ERCC. Under the SCI PSP and SCI RSP, the Group President & CEO and senior management are required to hold shares equivalent to at least 200% and 100% of their annual base salaries respectively.

  In 2021, the Board has approved a five-year Transformation Incentive plan (PSP-TI) under SCI PSP, to further strengthen the alignment of the long-term incentive of Group President & CEO and key management personnel to the Group's brown to green transformation strategic goals. The PSP-TI is linked to specific long-term Environment, Social & Governance (ESG) transformation goals including Greenhouse Gas Emission Intensity Reduction, Gross Installed Renewable Energy (RE) Capacity, Sustainable Solutions' Profit and Sustainable Land Banking and Land Sales.

  The size of the restricted share awards granted in 2021 is based on the achievement of stretched financial and non-financial targets. The restricted shares awarded in 2021 will vest in three equal annual tranches, subject to continued employment with the Group.

Details of the share-based incentives and performance targets are available in the Directors' Statement on pages 45 to 46 and Note B6 in the Notes to the Financial Statements.

Pay for performance
A pay-for-performance assessment was conducted in 2021 by our external consultants, Willis Towers Watson, to review the alignment between the Group's executive pay program and business results. To do this, Willis Towers Watson benchmarked the Group's pay levels and performance against a peer group consisting of comparable-sized Singapore listed companies as well as regional and global competitors in the energy industry.

The study examined fixed remuneration, total cash and total remuneration including earned bonuses and long-term incentives of the CEO and key management personnel, against that of peer companies as disclosed in their latest annual reports. Concurrently, the study also examined the Group's performance relative to peers as measured by operating income growth and total shareholder return.

The results showed that the Group's executive pay showed a strong correlation with the Group's key financial performance drivers. These findings reflect the fact that performance bonuses and EVA were below the target levels. Additionally, the shareholder return performance conditions that feature in the long-term incentive plan were not met, due to adverse share price movements before 2021. As a result, the realised value of the share incentive award was much lower than the granted value.

Overall, the study demonstrated a sound correlation between the Group's executive pay, key financial results, shareholder returns and peer company performance, thus reinforcing the strong pay-for-performance features underpinning our executive pay programme.

Disclosure on Remuneration (Principle 8)

Group President & CEO
The Group President & CEO, as an executive director, does not receive directors' fees from Sembcorp. As a lead member of management, his compensation comprises his salary, allowances, bonuses and share-based incentives conditional upon meeting certain performance targets.

Name of Group President and CEO	Fixed Pay[1] S$'000	Cash Bonus Earned S$'000	Bonus Declared and Subject to Deferral and Claw-back[2] S$'000	Total Cash Remuneration S$'000
Payable by Company				
Wong Kim Yin	1,366	1,443	1,545	4,355

Contingent Grant under SCI RSP	426,100 restricted shares to be granted by April 2022[3]
Contingent Grant under SCI PSP	998,900 performance shares granted on May 31, 2021[4]
	1,824,000 performance shares (PSP-TI) granted on August 6, 2021[5]

1 The amounts shown are inclusive of basic salary, fixed allowances, annual wage supplement and other emoluments

2 Payout of EVA bonus subject to EVA banking mechanism, which typically pays out one-third of the EVA banking balance and is subject to negative EVA claw-back

3 The vesting of restricted shares is subject to the vesting schedule from 2022 to 2024; estimated fair value per share is S$2.50

4 The vesting of performance shares is contingent upon the achievement of the three-year performance conditions (absolute total shareholders' return (ATSR), relative total shareholders' return (RTSR) and RE Capacity, aligned with shareholders' value creation and ESG transformation targets) from 2021 to 2023; estimated value per share is S$1.38 based on a consistent fair valuation model and Monte Carlo simulation and calculated by an external consultant

5 The vesting of 2021 PSP-TI is contingent upon the achievement of the five-year ESG transformation performance conditions (RE Capacity, Sustainable Solutions' Profit, Sustainable Land Banking and Land Sales, Greenhouse Gas Emission Intensity Reduction) from 2021 to 2025; estimated value per share is S$0.37 based on a consistent fair valuation model and Monte Carlo simulation and calculated by an external consultant

Key Management Personnel
In 2021, the key management personnel (who are not Directors or the CEO), in alphabetical order, are Eugene Cheng, Robert Chong, Koh Chiap Khiong, Andy Koss, Alex Tan, Kelvin Teo and Vipul Tuli. After considering the recommendations set out in the Code carefully, having taken into account the highly competitive conditions for talent in the industry, the board is of the view that the Group's key management personnel's remuneration shall be disclosed in bands, as laid out in the table below.

Remuneration Band	No of Employees	Fixed Compensation %	Bonus Earned[1] %	Fair value of share-based compensation[2] %	Total Compensation %
4,000,001 – 4,250,000	1	17%	30%	53%	100%
3,500,001 – 3,750,000	1	19%	31%	50%	100%
3,250,001 – 3,500,000	1	21%	35%	44%	100%
2,750,001 – 3,000,000	1	15%	44%	41%	100%
2,000,001 – 2,250,000	3	26%	50%	24%	100%
Total Aggregate Compensation					**S$20,414,874**

1 Bonus earned includes Cash bonus and EVA bonus which is subject to EVA banking mechanism i.e. deferral and claw-back

2 Share-based compensation comprises performance shares (including PSP-TI) and restricted shares granted pursuant to SCI PSP and SCI RSP respectively. The actual number of shares to be delivered pursuant to the performance shares granted will range from 0% to 200%, which are contingent on the achievement of pre-determined targets (including ATSR, RTSR, RE Capacity and other ESG transformation targets) set out in the three- to five-year performance period and other terms and conditions being met

Remuneration of employees who are immediate family members of a director or the CEO
In 2021, the company had no employees who were immediate family members of a director or the Group President & CEO.

Corporate Governance Statement

Accountability and Audit

The board is accountable to shareholders

Sembcorp is committed to open and honest communication with shareholders at all times. The company presents a balanced and clear assessment of the Group's performance, position and prospects to shareholders through the timely release of our financial results.

The company believes that prompt compliance with statutory reporting requirements is imperative to maintaining shareholders' confidence and trust in the company. In line with SGX-ST requirements, negative assurance statements are issued by the board to accompany the Group's half-year results announcements, confirming that to the best of its knowledge, nothing had come to its attention which would render the half-yearly results false or misleading.

Sembcorp management also furnishes the board with management and operations reports as well as financial statements on a regular basis to ensure they have timely, accurate information on hand.

Risk Management and Internal Controls (Principle 9)

The board has overall responsibility for the governance of the Group's risk management and internal controls. It determines the company's levels of risk tolerance and risk policies, and oversees management in the design, implementation and monitoring of risk management and internal controls.

Adequate and effective system of internal controls

The Group has implemented a comprehensive enterprise risk management (ERM) framework where key risks identified are deliberated by management with the support of the Group Risk department and reported regularly to the RC.

Supporting the ERM framework is a system of internal controls comprising a Code of Conduct, group-wide governance and internal control policies, procedures and guidelines dictating the segregation of duties, approval authorities and limits, and checks and balances embedded in business processes. The Group has identified and assessed key risks that could have an impact to its operations, details of which can be found within the Risk section in the Sustainability Report.

The Group's Integrated Assurance Framework (IAF) adopts the three lines of defence (LOD) model. The LOD works together to ensure that key financial, operational, compliance and IT risks are reviewed and tested using a robust assurance process. This pragmatic and collaborative approach ensures that common and consistent terminology risk and control assessments are applied across the Group.

External audit considers internal controls relevant to the preparation of financial statements to ensure they give a true and fair view.

The IAF is further complemented by the Management Control Assessment (MCA), submitted by each business unit, to provide assurance that the risk management and internal control systems are adequate and effective.

For FY2021, the board has received assurance from the Group President & CEO and Group CFO that the Group's financial records have been properly maintained, the Group's financial statements give a true and fair view of the Group's financial position, operations and performance, and the risk management and internal control systems of the Group are adequate and effective.

The board, with the concurrence of the AC, is of the opinion that the company's internal controls and risk management systems are adequate and effective as at December 31, 2021 to address the financial, operational, compliance and IT risks of the Group. This assessment is based on the risk management and internal controls established and maintained by the Group, work performed by external and internal auditors, and reviews performed by senior management. Internal controls, because of their inherent limitations, can provide reasonable, but not absolute assurance, regarding the achievement of their intended control objectives. In this regard, the board will ensure that should any significant internal control failings or weaknesses arise, necessary remedial actions will be swiftly taken.

Audit Committee (Principle 10)

The AC does not include anyone who was a former partner or director of the company's external auditors, KPMG, within the last 12 months or who holds any financial interest in KPMG.

The AC has explicit authority to investigate any matter as per its terms of reference. It has full access to and co-operation from management, and full discretion to invite any director or executive officer to attend its meetings. It also has reasonable resources to enable it to discharge its functions properly.

Where relevant, the AC is guided by the recommended best practice for audit committees, set out in the Code.

Key audit matters

The AC reviews the key audit matters with management and external auditors on a quarterly basis to ensure that they are appropriately dealt with. The AC concurred with the basis and conclusions included in the auditors' report for FY2021 with respect to the key audit matters.

For more information on the key audit matters, please refer to pages 47 to 48.

External auditors

Each year, the AC reviews the independence of the company's external auditors and makes recommendations to the board on their re-appointment. During the year, the AC reviewed the performance of the external auditors referencing audit quality indicators recommended by ACRA. In accordance with SGX-ST Listing Rule 713(1), Koh Wei Peng has been the audit partner since financial year 2019.

The AC reviews and approves the external audit plan to ensure its adequacy. It also reviews the external auditors' management letter and monitors the timely implementation of required corrective or improvement measures. The AC meets external and internal auditors at least once a year without the presence of management to discuss any issues of concern. It has reviewed the nature and extent of non-audit services provided by the external auditors to the Group for the year. The AC is satisfied that the independence of the external auditors has not been impaired by their provision of non-audit services. Accordingly, the AC has recommended the re-appointment of the external auditors at the forthcoming AGM.

Details of non-audit fees payable to the external auditors are found in Note B4(a) in the Notes to the Financial Statements.

Whistle-blowing policy

The whistle-blowing policy was established to strengthen corporate governance and ethical business practices across all markets, business lines and functional units. The company has zero tolerance for fraud and corruption. Whistle-blowing reports and information received are treated with confidentiality. Measures are in place to protect the identity and interests of whistle-blowers. Employees, vendors, contractors, sub-contractors and members of the public can access various channels of communication to anonymously report any suspected fraud, corruption, dishonest practices or other misdemeanours. The reports are received and handled by the Group Integrated Audit (GIA) department. Significant matters reported via these channels are escalated to the AC. The AC oversees the outcome of independent investigations and ensures remedial actions are followed up on. Appropriate closure actions following the completion of investigations include administrative, disciplinary, civil and / or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct, so as to prevent a recurrence.

For more information on our Whistle-blowing Policy, please refer to our company website.

Internal Audit

Independent integrated audit function

The GIA is an important LOD for the Group and a core component in the Group's assurance framework and governance process.

The GIA provides assurance to management and the AC that the internal control and risk management systems are adequate and effective to govern the Group's activities, including operational, financial, compliance and IT.

The AC reviews the independence, adequacy and effectiveness of the GIA and ensures that it is adequately resourced and effective. The Head of GIA, Mr Wong Kiew Kwong, reports directly to the AC and administratively to the Group President & CEO. The AC is involved in the appointment, replacement or dismissal, as well as the performance evaluation and compensation of the Head of GIA.

The GIA adopts a risk-based approach in developing the Group's annual integrated audit plan, which covers the key risks and controls identified through the Group's IAF. The risk-based approach ensures that the key controls are covered systematically over the relevant audit cycle. The key controls over the Group's top risks are audited on annual basis. The scope of the GIA function extends to all areas of the company and its controlled entities.

The AC reviews and agrees on the scope of the Group's annual integrated audit plan, the frequency for which each entity or area is to be audited, and the effective deployment of internal audit resources during the year.

Any significant internal control lapses and recommendations for improvement are communicated to management and reported to the AC quarterly. The AC reviews the actions taken by management to address significant audit findings and seek responses from management if the risk mitigating actions have not been adequately implemented.

Corporate Governance Statement

The AC meets with GIA regularly, without management present, to discuss any issues of concern. The AC is satisfied that the GIA team is effective, independent and has appropriate standing within the company.

Professional standards, authority and competency
The purpose, authority and responsibility of GIA are formally defined in a charter approved by the AC. The charter establishes the GIA's position within the organisation including the nature of its functional reporting relationship with the AC, authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of the internal audit activities.

The charter mandates a quality assurance and improvement programme that covers all aspects of internal audit activity, including the evaluation of its conformance with standards and code of ethics, and an evaluation of whether internal auditors apply the Institute of Internal Auditors' Code of Ethics.

The GIA has unrestricted access to all personnel, documents, accounts, records, property, and any other data of the company deemed necessary for it to effectively carry out their duties.

The GIA team comprises auditors with relevant qualifications and experience. The audits performed by the GIA function are in accordance with the standards set by professional bodies including the Standards for Professional Practice of Internal Auditing by the Institute of Internal Auditors. The GIA team performs an annual declaration of independence and confirms their adherence to the Group's Code of Conduct.

Shareholder Rights and Engagement

Shareholder Rights and Conduct of General Meetings (Principle 11)

Fair and equitable treatment of shareholders

Sembcorp is committed to treating all shareholders fairly and equitably. The company recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangements.

The company is committed to ensuring that all shareholders have easy access to clear, reliable and meaningful information in order to make informed investment decisions. The company regularly communicates major developments in our business operations via announcements, press releases, circulars to shareholders and other appropriate channels. The company also encourages shareholder participation and voting at general meetings.

Conduct of General Meetings
All shareholders are invited to participate in the company's general meetings.

At each AGM, the Group President & CEO updates shareholders on the company's performance. Every matter requiring approval is proposed as a separate resolution. Shareholders can clarify or ask questions on the proposed resolutions before voting. The board, with the assistance of management, will address any shareholder feedback or concerns. External auditors and legal advisors also assist the board where necessary.

Notices of general meetings are disseminated via SGXNet and posted on the company website www.sembcorp.com ahead of the meetings. Annual reports, letters to shareholders and circulars are also available online on the SGX website and on www.sembcorp.com.

The company's constitution allows shareholders who are not relevant intermediaries to appoint up to two proxies to attend, speak and vote on their behalf at general meetings. Shareholders who are relevant intermediaries such as banks, capital markets services licence holders that provide custodial services for securities and the Central Provident Fund (CPF) Board, are allowed to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at general meetings. Voting in absentia by mail, email or other electronic means is currently not permitted. Such voting methods will need to be cautiously evaluated for feasibility to ensure that the integrity of the information and the authenticity of the shareholders' identities are not compromised.

The company conducts electronic poll voting at general meetings for greater transparency in the voting process. An independent scrutineer is engaged to review the electronic poll voting system and proxy verification process to ensure the veracity of the information compiled and adherence to procedures. The total number of votes cast for or against each resolution is tallied and displayed during the meetings. Voting results will also be announced after the meetings via SGXNet.

The company secretary records minutes of the general meetings, including relevant comments or queries from shareholders together with the responses from the board and management. The minutes are published on the company website www.sembcorp.com as soon as practicable.

In 2020 and 2021, due to the COVID-19 restriction orders in Singapore, the company held its AGM via live audio-visual webcast, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

Shareholders were not allowed to attend the AGM in person, and appointed the Chairman of the AGM as their proxy to attend, speak and vote on their behalf. The notices of AGM, proxy forms, annual reports and letters to shareholders were published on the company website and released via SGXNet. Shareholders submitted their questions online in advance to the Chairman, and the company's responses to substantial and relevant questions were published on the company website and disseminated via SGXNet prior to the commencement of the AGM.

As the COVID-19 restriction orders remain effective in 2022, the upcoming AGM on April 21, 2022 will be held with the same process via live audio-visual webcast.

Dividend Policy
Sembcorp is committed to achieving sustainable income and growth to enhance total shareholder return. The Group's policy aims to balance cash return to shareholders and investment for sustaining growth and driving our strategic transformation, while ensuring an efficient capital structure. The company strives to provide consistent and sustainable ordinary dividend payments to our shareholders, and the practice is to consider declaring dividends on a biannual basis. In the event of a material variation in declared dividends compared to the previous corresponding period, or any decision not to declare a dividend, the reasons for such will be disclosed in accordance with SGX-ST Listing Rule 704(24).

Engagement with Shareholders (Principle 12)

Regular, effective and fair communication with shareholders

Sembcorp is committed to high standards of corporate transparency and disclosure. The Group has an investor relations policy which adheres to fair disclosure principles and emphasises active dialogue and engagement with shareholders, investors and analysts.

Timely disclosures
Sembcorp makes every effort to ensure that shareholders and capital market players can make informed investment decisions by having easy access to clear, meaningful and timely information on the company. We use various channels including announcements, press releases, shareholder circulars and annual reports. All price-sensitive and material information is disseminated via SGXNet on a non-selective basis, in a timely and consistent manner. The company's announcements are also uploaded on the company website www.sembcorp.com, after dissemination on SGXNet.

The financial results release date is disclosed at least two weeks prior to the announcement date via SGXNet. On the date of the announcement, the financial statements, press release, and presentation slides are released followed by a briefing or teleconference by management for the media and analysts. The results briefings and teleconferences are broadcast 'live' via webcast.

Investor relations officers are available by email or telephone to answer questions from shareholders and analysts as long as the information requested does not conflict with the SGX-ST's rules on fair disclosure.

Establishing and maintaining regular dialogue with shareholders
In addition to our results briefings, the company maintains regular dialogue with our shareholders through investor-targeted events such as AGMs, roadshows, conferences, site visits, group briefings and one-on-one meetings. These platforms offer opportunities for senior management and the board to interact directly with shareholders, understand their views, gather feedback and address concerns.

Shareholders can also contact the investor relations team via email or telephone. The contact information for investor relations is available on the company website and in the annual report.

To keep senior management and the board abreast of market perception and concerns, the investor relations team provides regular updates on analysts' consensus estimates and views. A more comprehensive report is presented annually and includes updates and analysis of the shareholder register, highlights of key shareholder engagements and market feedback.

For further details on Sembcorp's communications with its shareholders, please see the Investor Relations chapter on page 43.

Corporate Governance Statement

Managing Stakeholders Relationships

Engagement with Stakeholders (Principle 13)

Balancing the needs and interests of material stakeholders

Sembcorp adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders. Stakeholder engagement is the first key step in determining issues that are material to the company, giving insight into the perspective of our stakeholders and what they deem important in the context of their partnership with Sembcorp. The company engages and gathers feedback from a diverse range of stakeholders with the aim of improving our performance and driving long-term sustainability. The company maintains a dedicated investor relations section on our company website to cater to the specific information needs of investors and financial institutions.

Our key stakeholders include customers, employees, financial institutions, governments and regulators, shareholders and the investment community, the local community, as well as contractors, suppliers, trade unions and industry partners. When assessing our material sustainability issues, we identify stakeholders in accordance with the AA1000 Stakeholder Engagement Standard. These stakeholders are managed by various departments at the corporate and market levels. The following table provides an overview of our key stakeholders and relevant topics raised.

Stakeholder group	Engagement and communication platforms	Topics raised include
Customers	Operational and commercial meetings, presentations and negotiations, surveys, site visits, company activities, customer service hotlines, social media, company websites and feedback channels, telephone and email	• Reliability of products and services • Competitive pricing for products and services • Sustainable and integrated energy, water and waste solutions
Employees	Townhalls, employee communication sessions, workshops and training sessions, performance and goal setting discussions, events organised by the Recreational Committee, newsletters, intranet and email	• Talent engagement • Employee wellness • Change management • Benefits design • Learning and development • Health and safety
Financial institutions	Results briefings, presentations and meetings, news releases, stock exchange announcements, company websites, investor relations microsite, telephone and email	• Company performance, growth and value creation • Balance sheet, funding and cash flow including green and sustainability-linked financing • Environmental, social and corporate governance (ESG) related targets
Governments and regulators	Briefings, presentations, committees, conferences, forums, roundtable and panel discussions, seminars and workshops, site visits, telephone and email	• Sustainable and integrated energy, water and urban solutions to meet the needs of industries and the community • Regulatory compliance • Skills transfer and community contributions • Health and safety
Shareholders and the investment community	Results briefings, presentations and meetings, news releases, stock exchange announcements, company websites, investor relations microsite, telephone and email	• Company performance, group strategic targets, and corporate practices linked to ESG, growth and value creation • Governance, ethical business practices and regulatory compliance
Local community	Participation and collaboration in community projects, community activities, company websites, telephone and email	• Community needs • Social and environmental impact
Contractors, suppliers, trade unions and industry partners	Review and coordination meetings, briefings, presentations and negotiations, committees, conferences, forums, roundtable and panel discussions, seminars and workshops, site visits, telephone and email	• Safety and regulatory compliance • Company's long-term viability

Dealings in Securities

A Policy on Prevention of Insider Trading has been implemented to prohibit dealings in the company's securities by our board of directors and senior management within one month prior to the announcement of the company's half-year and full-year financial results. The board and employees are advised to be mindful to observe insider trading laws at all times, even when dealing in the company's securities outside the prohibited trading period. They are also reminded not to deal in the company's securities on short-term considerations.

Interested Person Transactions

Shareholders have adopted an interested person transaction mandate (IPT Mandate) in respect to IPTs of the Group. The IPT Mandate defines the levels and procedures to obtain approval for such transactions. Information regarding the IPT Mandate is available on the staff intranet. The company also has an internal policy and procedure to manage and capture any IPTs. All markets, business lines and functional units are required to be familiar with the IPT Mandate as well as the internal policy and procedure, and report IPTs to the company for review and approval by the AC. The Group maintains a register of IPTs in accordance with the reporting requirements stipulated by Chapter 9 of the SGX-ST Listing Manual.

Information on IPTs for 2021 can be found on page 113.

Details on our IPT Mandate can be found in the Letter to Shareholders.

Code of Conduct

The Group's Code of Conduct (CoC) aims to ensure an effective governance and decision-making structure is in place for employees to refer and apply the principles under the CoC. The Group President & CEO and the senior management actively reference the CoC in key internal meetings to reinforce its importance among management. All employees of the Group are required to complete training on the CoC and its key policies on a yearly basis, and to declare annually that they are in compliance with the CoC and key policies.

Summary of Governance Disclosure

The Summary of Disclosures that describes our corporate governance practices with specific reference to disclosure requirements in the principles and provisions of the Code, which can be found at SGX's website at rulebook.sgx.com, is set out below.

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Managing Stakeholders Relationships

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Investor Relations

Sembcorp is committed to ensuring that all capital market players have easy access to clear, reliable and meaningful information on our company in order to make informed investment decisions.

In the context of constantly evolving disclosure, transparency, and corporate governance requirements, we aim to provide investors with an accurate, coherent and balanced account of the Group's performance and prospects. Sembcorp has a dedicated investor relations team and communicates with the investing public through multiple platforms and channels. These include group briefings to analysts, investors and the media; one-on-one meetings with shareholders and potential investors; investor roadshows as well as the investor relations section of our website. We also organise facility tours to help investors gain insights into the Group's operations.

Proactive Engagement with the Financial Community

In 2021, senior management and the investor relations team continued to actively engage the financial community. At our virtual Investor Day in May 2021, we presented our strategy to transform our portfolio from brown to green. The event was well attended with approximately 140 participating analysts, institutional investors and bankers. To ensure fair disclosure of information to all investors, materials presented during the event were posted on SGXNet and our company website prior to the event.

To engage with existing and potential institutional investors, we held one-on-one and group meetings, mostly via virtual means. We also participated in 12 virtual conferences including the SGX-Credit Suisse Singapore Corporate Day, DBS Regional Clean Energy Conference, UBS OneASEAN Conference, CIBC Sustainability Conference and Morgan Stanley 20th Annual Asia Pacific Summit. In the fourth quarter of 2021, we organised two physical tours for analysts and investors to our Sembcorp Tengeh Floating Solar Farm in Singapore. The visits provided analysts and investors with first-hand experience and a better understanding of the operations of our solar farm, one of the world's largest inland floating solar photovoltaic systems.

Investors on a boat tour of our Sembcorp Tengeh Floating Solar Farm

During the year, we were recognised as the Most Transparent Company in the Industrials category at the SIAS Investors' Choice Awards 2021. This award honours and recognises public-listed companies that are transparent in their timely disclosure of information, and facilitate shareholders' rights and equitable treatment, so that investors can make informed investment decisions.

In the Asia's Outstanding Companies Poll 2021 conducted by Asiamoney, we were recognised as the Most Outstanding Energy Company in Singapore. Over 1,000 fund managers, buy-side analysts, bankers and research analysts participated in the poll, which was designed to acknowledge listed companies that have excelled in areas such as financial performance, management team excellence, investor relations and corporate social responsibility initiatives.

Total Shareholder Return

Sembcorp Industries' last traded share price in 2021 was S$2.00 and the company ended the year with a market capitalisation of S$3.6 billion. The company's share price averaged S$1.95 during the year, registering a low of S$1.62 in February and a high of S$2.23 in May. Daily turnover averaged 4.2 million shares.

In 2021, Sembcorp Industries' total shareholder return[1] for the year stood at 20%, outperforming the Straits Times Index's 14%.

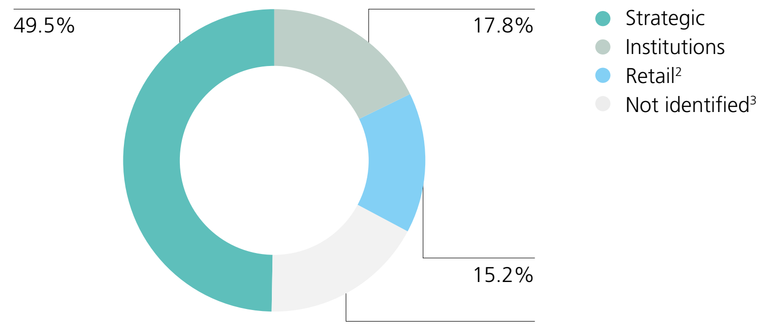
For the financial year 2021, an interim dividend of 2 cents per ordinary share was declared and paid to shareholders in August 2021. A final dividend of 3 cents per ordinary share has been proposed, subject to approval by shareholders at the coming annual general meeting to be held in April 2022. Together with the interim dividend, this would bring our total dividend for 2021 to 5 cents per ordinary share.

Shareholder Information

In 2021, institutional shareholdings increased while retail holdings reduced compared to 2020. Other than our major shareholder Temasek Holdings, which held 49.5% of our shares as at end 2021, institutional shareholders held 18% of our issued share capital or 35% of free float, while retail shareholders accounted for 15% of our issued share capital or 30% of free float. Shareholders not identified accounted for 18% of issued share capital.

In terms of geographical spread, excluding the stake held by Temasek Holdings and shareholders not identified, our largest geographical shareholding base came from Asia and North America at 43% each, followed by Europe which accounted for 9% of the shares.

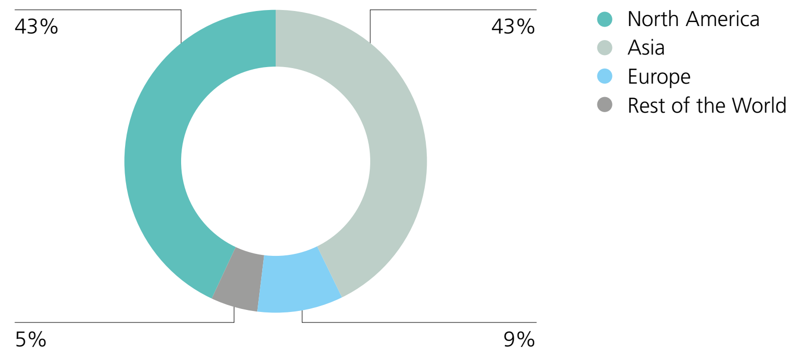
Share Ownership by Investor Category



As at December 31, 2021

Share Ownership by Geographical Distribution

Excluding shares held by major shareholder Temasek Holdings and shareholders not identified



As at December 31, 2021

[1] Source: Bloomberg
[2] Retail shareholders include private investors, brokers, custodians and corporates
[3] Shareholders not identified include mainly shareholders that fall below the threshold of 250,000 shares

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Directors' Statement

Year ended December 31, 2021

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended December 31, 2021.

In our opinion:

a. the financial statements set out on pages 51 to 112 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2021 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date are in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

b. at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Ang Kong Hua
Tham Kui Seng
Ajaib Haridass
Nicky Tan Ng Kuang
Yap Chee Keong
Dr Josephine Kwa Lay Keng
Nagi Hamiyeh
Lim Ming Yan *(Appointed on January 18, 2021)*
Tow Heng Tan *(Appointed on June 1, 2021)*
Wong Kim Yin

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

	Direct interest		Deemed interest	
Name of director and corporation in which interests held	At beginning of the year / date of appointment	At end of the year	At beginning of the year / date of appointment	At end of the year
Ordinary shares of the Company				
Ang Kong Hua[1]	552,000	651,400	–	–
Tham Kui Seng	124,400	145,200	–	–
Ajaib Haridass[2]	113,000	137,000	–	–
Nicky Tan Ng Kuang	83,100	105,700	–	–
Yap Chee Keong[1]	73,100	97,800	–	–
Dr Josephine Kwa Lay Keng	26,600	42,000	–	–
Nagi Hamiyeh	–	14,400	–	–
Lim Ming Yan	–	–	–	–
Tow Heng Tan[3]	–	–	22,715	22,715
Wong Kim Yin	–	78,677	–	–

	Direct interest		Deemed interest	
Name of director and corporation in which interests held	At beginning of the year / date of appointment	At end of the year	At beginning of the year / date of appointment	At end of the year
Conditional share award				
Wong Kim Yin				
PSP 2021-2022 (Note 1a)	–	377,900	–	–
PSP 2021-2023 (Note 1b)	–	998,900	–	–
PSP-TI 2021-2025 (Note 1c)	–	1,824,000	–	–
RSP 2020 (Note 2a)	–	157,353	–	–

[1] All shares are held in the name of DBS Nominees Pte Ltd

[2] Of the 137,000 SCI shares, 5,000 shares are held in the name of Bank of Singapore and 100,000 shares are held in the name of Bank Julius Baer & Co Ltd

[3] Deemed interest in the shares registered in the name of his wife

Note 1: The actual number delivered will depend on the achievement of set targets over the performance period as indicated below. No performance shares will be delivered if achievement of targets is below threshold level. Based on the achievement of performance targets:

a. Period from 2021 to 2022 (PSP 2021-2022)
For this period, 0% to 200% of the conditional performance shares awarded could be delivered

b. Period from 2021 to 2023 (PSP 2021-2023)
For this period, 0% to 200% of the conditional performance shares awarded could be delivered

c. Period from 2021 to 2025 (PSP-TI 2021-2025)
For this period, 0% to 140% of the conditional performance shares awarded could be delivered

Note 2: With effect from 2019, restricted shares were granted based on the financial performance and corporate objectives achieved in the preceding year.

a. RSP 2020
In 2021, 78,677 SCI shares (1st release of the 1/3 of 236,030 shares) were vested on May 31, 2021. The remaining shares will be vested in Year 2022 and 2023.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year / date of appointment or at the end of the financial year.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and January 21, 2022.

Except as disclosed under the "Share-based Incentive Plans" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except as disclosed in Notes B4(a) and G5(d) to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he / she is a member, or with a company in which he / she has a substantial financial interest.

Directors' Statement

Year ended December 31, 2021

Share-based Incentive Plans

The Company's Performance Share Plan 2020 (SCI PSP 2020) and Restricted Share Plan 2020 (SCI RSP 2020) (collectively, the 2020 Share Plans) were approved and adopted by the shareholders at an Annual General Meeting of the Company held on May 21, 2020.

The Executive Resource & Compensation Committee (the Committee) of the Company has been designated by the Board as the Committee responsible for the administration of the Share Plans. The Committee comprises the following members, all of whom are directors:

Ang Kong Hua *(Chairman)*
Nicky Tan Ng Kuang
Tham Kui Seng
Lim Ming Yan (Appointed on June 1, 2021)

The 2020 Share Plans aim to strengthen the Company's competitiveness in attracting, retaining and motivating talented key senior management and senior executives, to incentivise superior performance and sustainable growth, and to align the interests of participants and shareholders. Under the 2020 Share Plans, the Group President & CEO and top management are required to hold shares equivalent to a multiple of the individual participant's annual base salaries.

Details of 2020 Share Plans are disclosed in Note B6 to the financial statements.

a. Performance Share Plan (PSP)

The details of the performance shares of Sembcorp Industries Ltd awarded during the financial year since commencement of the PSP (aggregate) are as follows:

Performance shares participants	At January 1	Movements during the year Conditional performance shares awarded	Conditional performance shares adjusted	Conditional performance shares lapsed	Performance shares lapsed arising from targets not met	Conditional performance shares released	At December 31
2021							
Key executives of the Group[1]	7,682,784	11,579,491	–	(1,360,565)	(3,604,282)	–	14,297,428

[1] Includes PSP for Group President & CEO of Sembcorp Industries Ltd

The Committee reviews achievement of the performance targets annually. For the period from 2018 to 2020, as the result of not achieving the targets, no PSP shares granted were vested. In 2021, 3,604,282 (2020: 849,553) performance shares lapsed for under-achievement of the performance targets for the performance period 2018 to 2020 (2020: 2017 to 2019).

Pursuant to the distribution in specie of ordinary shares in the capital of Sembcorp Marine Ltd which was completed on September 11, 2020 and per the rules of SCI PSP Plan, the ERCC approved the adjustments of an additional 3,825,317 SCI shares to be made to the outstanding SCI Share Awards granted under the SCI PSP 2010.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at December 31, 2021, was 14,297,428 (2020: 7,682,784). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 22,348,888 (2020: 11,524,176) performance shares.

b. Restricted Share Plan (RSP)

The details of the restricted shares of Sembcorp Industries Ltd awarded during the year are as follows:

Restricted shares participants	At January 1	Movements during the year Conditional restricted shares awarded	Conditional restricted shares released	Conditional restricted shares lapsed	At December 31
2021					
Non-executive directors of the Company:					
Ang Kong Hua	–	99,400	(99,400)	–	–
Tham Kui Seng	–	20,800	(20,800)	–	–
Ajaib Haridass	–	24,000	(24,000)	–	–
Nicky Tan Ng Kuang	–	22,600	(22,600)	–	–
Yap Chee Keong	–	24,700	(24,700)	–	–
Dr Josephine Kwa Lay Keng	–	15,400	(15,400)	–	–
Nagi Hamiyeh	–	14,400	(14,400)	–	–
Lim Ming Yan	–	–	–	–	–
Tow Heng Tan	–	–	–	–	–
Employees of the Group[1]	10,512,748	2,752,412	(5,703,103)	(1,254,333)	6,307,724
	10,512,748	2,973,712	(5,924,403)	(1,254,333)	6,307,724

[1] Includes RSP for Group President & CEO of Sembcorp Industries Ltd

The total number of restricted shares outstanding, including award(s) achieved but not released, as at end 2021, was 6,307,724 (2020: 10,512,748). With the change in the remuneration structure, with effect from 2019 award, the RSP balances represent 100% of targets achieved, but not released subject to individual performance and fulfilment of service conditions at vesting. The actual release of the awards is a maximum of 6,307,724 (2020: 10,512,748) restricted shares.

Sembcorp Challenge Bonus

There were no restricted shares awarded and paid under Sembcorp Challenge Bonus during the year. In 2020, with the Committee's approval on the achievement factor for performance targets for the performance period 2019, a total of S$0.9 million, equivalent to 440,335 notional restricted shares, were awarded and paid.

c. Maximum Number of Shares Issuable

The maximum number of performance shares and restricted shares which could be delivered, when aggregated with the number of new shares issued and issuable in respect of all options granted, is within the 15% limit of the share capital of the Company on the day preceding the relevant date of the grant.

Directors' Statement

Year ended December 31, 2021

Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

Yap Chee Keong *(Chairman)*
Ajaib Haridass
Lim Ming Yan *(Appointed on February 22, 2021)*

The Audit Committee held six meetings during the financial year. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, and the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee performed the functions specified in Section 201B of the Companies Act 1967, the Listing Manual of the SGX, and the Code of Corporate Governance.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external and internal auditors;
- interim financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the board of directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming AGM of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ang Kong Hua
Chairman

Wong Kim Yin
Director

Singapore
February 23, 2022

Independent Auditors' Report

Members of the Company
Sembcorp Industries Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sembcorp Industries Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at December 31, 2021, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 51 to 112.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act), Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs) so as to give a true and fair view of the financial position of the Group and the Company as at December 31, 2021 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of property, plant and equipment, long-term contracts, and interests in associates and joint ventures and goodwill (collectively, the Group's non-financial assets)

(Refer to Notes D1, D3 and G4 to the financial statements: property, plant and equipment of S$7,094,000,000, goodwill of S$159,000,000, long-term contracts of S$103,000,000 and associates and joint ventures of S$1,600,000,000).

Risk:

As at December 31, 2021, the Group's non-financial assets for the Conventional Energy segment amounted to S$5,022,000,000. The Group's key Conventional Energy segment assets are in China, India, Singapore and United Kingdom.

Management performs impairment assessment of these assets at least annually and as and when indicators of impairment occur. As a result of management's impairment review, the Group recognised impairment losses totalling S$212,000,000 as the recoverable amounts for certain CGUs did not support the assets' carrying amounts.

An impairment loss exists when the net carrying amount of the assets is in excess of the recoverable amount. The recoverable amount of a CGU is the higher of the CGU's fair value less costs of disposal and its value-in-use (VIU). As the fair values of these assets are not readily determinable, the Group measures the recoverable amount using the discounted cash flow technique to derive the assets' VIU.

The determination of the recoverable amounts of these CGUs involves a high degree of judgement and is subject to significant estimation uncertainties, principally, the discount rates, gross margin forecasts and plant load factors. The gross margin forecasts and plant load factors take into account expected customer demand and forecasted tariff rates. These are inherently subject to estimation uncertainties as well as political and regulatory developments.

Independent Auditors' Report

Report on the audit of the financial statements *(cont'd)*

Impairment assessment of property, plant and equipment, long-term contracts, and interests in associates and joint ventures and goodwill (collectively, the Group's non-financial assets) *(cont'd)*

Our response:

We assessed the Group's process for identifying and reviewing the CGUs subject to impairment testing.

We, including our valuation specialists to the extent appropriate, reviewed the key assumptions supporting the value-in-use calculations to arrive at the recoverable amounts of these CGUs. We compared the plant load factors and gross margin forecasts to what has been achieved historically and taking into consideration prevailing industry trends. We compared the discount rates to available market observable data including market and country risk premiums and any asset-specific risk premium.

We performed sensitivity analysis of the key assumptions and the key drivers of the cash flow forecasts for the individual CGUs and considered the likelihood of such changes arising.

We assessed the related disclosures on key assumptions applied in determining the recoverable amounts of the CGUs.

Our findings:

The Group has a process for identifying and reviewing the CGUs for impairment testing. The impairment assessments incorporated the known relevant considerations as at the balance sheet date. The disclosures describing the inherent degree of estimation uncertainty and the sensitivity of the assumptions applied are appropriate.

Valuation of trade and service concession receivables

(Refer to Note E1 to the financial statements: Trade receivables of S$1,000,000,000 and service concession receivables of S$956,000,000)

Risk:

As at December 31, 2021, the Group's gross trade and service concession receivables totalled S$1,956,000,000 against which a loss allowance of S$46,000,000 was recorded.

Management estimates the loss allowance based on the ageing of overdue balances, repayment histories of individual debtors, existing customer-specific and market conditions and forward-looking information. Such assessment of expected credit losses is inherently subjective and requires the exercise of significant management judgement.

Our response:

We reviewed the Group's estimation process in determining the amount of loss allowance recognised on these receivables.

We reviewed significant inputs to the model which management uses to estimate the Group's expected credit loss and considered the reasonableness of these inputs.

We assessed the adequacy of disclosures in describing the areas of judgement and estimation uncertainties involving management's assessment on recoverability of these receivables.

Our findings:

The Group has processes to assess credit risk and determine the amount of loss allowance to be recognised on trade and service concession receivables.

Management's assessment of the recoverability of these receivables are supported by available evidence.

We found the disclosures in describing the areas of judgement and inherent degree of estimation uncertainties involved, to be appropriate.

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the following items prior to the date of this auditors' report:

- Group FY2021 Highlights
- Chairman and CEO's Statement
- Group Financial Review
- Renewables Review
- Integrated Urban Solutions Review
- Conventional Energy Review
- Directors' Statement

The following items (the Reports) are expected to be made available to us after that date:

- Our Leadership
- Environmental, Social and Governance Review
- Corporate Information
- Supplementary Information
- Shareholding Statistics
- Additional Information on Directors Seeking Re-election

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Independent Auditors' Report

Report on the audit of the financial statements *(cont'd)*

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
February 23, 2022

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Balance Sheets

As at December 31, 2021

(S$ million)	Note	Group 2021	Group 2020	Company 2021	Company 2020
Non-current assets					
Property, plant and equipment	D1	7,094	7,204	365	383
Investment properties	D2	138	135	–	–
Investments in subsidiaries	G1	–	–	2,309	2,308
Associates and joint ventures	G4	1,600	1,588	–	–
Other financial assets	H1	219	250	–	–
Trade and other receivables	E1	982	995	3	3
Contract costs	B2(c)	1	1	–	–
Intangible assets	D3	390	348	25	26
Deferred tax assets	B3(b)	38	37	–	–
		10,462	10,558	2,702	2,720
Current assets					
Inventories	E2	222	196	7	4
Trade and other receivables	E1	1,986	1,571	115	91
Contract assets	B2(c)	28	15	–	–
Contract costs	B2(c)	1	1	–	–
Assets held for sale	B7	–	30	–	–
Other financial assets	H1	352	159	–	–
Cash and cash equivalents	E4	1,344	1,032	427	358
		3,933	3,004	549	453
Total assets		14,395	13,562	3,251	3,173
Current liabilities					
Trade and other payables	E3	1,708	1,159	155	99
Lease liabilities	D1.1	14	11	5	4
Contract liabilities	B2(c)	121	141	2	3
Provisions	H2	40	26	19	11
Other financial liabilities	H1	87	40	–	–
Current tax payable		181	157	49	55
Interest-bearing borrowings	C5	754	593	–	–
		2,905	2,127	230	172
Net current assets		1,028	877	319	281

(S$ million)	Note	Group 2021	Group 2020	Company 2021	Company 2020
Non-current liabilities					
Deferred tax liabilities	B3(b)	392	294	25	28
Other long-term payables	E3	105	108	1,465	1,613
Lease liabilities	D1.1	244	215	110	112
Provisions	H2	64	38	12	11
Other financial liabilities	H1	56	98	–	–
Interest-bearing borrowings	C5	6,637	7,135	–	–
Contract liabilities	B2(c)	74	71	27	28
		7,572	7,959	1,639	1,792
Total liabilities		10,477	10,086	1,869	1,964
Net assets		3,918	3,476	1,382	1,209
Equity attributable to owners of the Company:					
Share capital	C2	566	566	566	566
Reserve for own shares	C3	(15)	(11)	(15)	(11)
Other reserves	C3	(133)	(369)	5	*
Revenue reserve		3,349	3,153	826	654
		3,767	3,339	1,382	1,209
Non-controlling interests	G2	151	137	–	–
Total equity		3,918	3,476	1,382	1,209

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss

Year ended December 31, 2021

(S$ million)	Note	Group 2021	Group 2020
Continuing operations			
Turnover	B1, B2	7,795	5,447
Cost of sales		(6,693)	(4,660)
Gross profit		1,102	787
General and administrative expenses		(432)	(344)
Other operating income, net		140	126
Non-operating income		22	49
Non-operating expenses		(218)	(176)
Finance income	C6	26	35
Finance costs	C6	(423)	(499)
Share of results of associates and joint ventures, net of tax		206	233
Profit before tax		423	211
Tax expense	B3	(123)	(32)
Profit from continuing operations[1]	B4	300	179
Discontinued operation			
Loss from discontinued operation, net of tax[1]	G6	–	(330)
Loss on the Distribution[2]		–	(970)
Loss from discontinued operation		–	(1,300)
Profit / (Loss) for the year		300	(1,121)
Profit / (Loss) attributable to:			
Owners of the Company:			
Profit from continuing operations		279	157
Loss from discontinued operation		–	(1,154)
Profit / (Loss) attributable to owners of the Company		279	(997)
Non-controlling interests:			
Profit from continuing operations		21	22
Loss from discontinued operation		–	(146)
Profit / (Loss) attributable to non-controlling interests		21	(124)
Profit / (Loss) for the year		300	(1,121)
Earnings per share (cents):	B5		
Basic		15.63	(56.81)
Diluted[3]		15.44	(56.81)
Earnings per share (cents) – Continuing operations:	B5		
Basic		15.63	7.84
Diluted		15.44	7.78

[1] After elimination of inter-segment finance income of S$nil (2020: S$38 million) with corresponding reduction of inter-segment finance expense in discontinued operation.

[2] On September 11, 2020, the Company distributed its holdings of ordinary shares in the capital of a subsidiary, Sembcorp Marine Ltd (SCM) to its shareholders (the Distribution).

[3] In computing the 2020 fully diluted earnings per ordinary shares, the weighted average number of shares was not adjusted for the effects of all dilutive potential ordinary shares as at December 31, 2020 as these potential ordinary shares would be antidilutive.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2021

(S$ million)	Note	Group 2021	Group 2020
Profit / (Loss) for the year		300	(1,121)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		84	(17)
Exchange differences on monetary items forming part of net investment in foreign operation		1	(2)
Net change in fair value of cash flow hedges		181	(143)
Net change in fair value of cash flow hedges reclassified to profit or loss		(2)	105
Cost of hedging reserve – changes in fair value		(46)	(43)
Cost of hedging reserve – reclassified to profit or loss		47	42
Realisation of reserves upon the Distribution		–	(125)
Realisation of reserves upon disposal / liquidation of subsidiaries and assets held for sale		*	36
Share of other comprehensive income of associates and joint ventures		35	(16)
Net change in fair value of cash flow hedges reclassified to cost of investment of a subsidiary	F2	(1)	–
Income tax relating to these items	B3(c)	(31)	1
		268	(162)
Items that may not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial gains and losses		20	(11)
Change in fair value of financial assets at fair value through other comprehensive income		(20)	(14)
Income tax relating to these items	B3(c)	(6)	2
		(6)	(23)
Other comprehensive income / (loss) for the year, net of tax	B3(c)	262	(185)
Total comprehensive income / (loss) for the year		562	(1,306)
Total comprehensive income / (loss) attributable to:			
Owners of the Company		536	(1,180)
Non-controlling interests		26	(126)
Total comprehensive income / (loss) for the year		562	(1,306)
Total comprehensive income / (loss) attributable to owners of the Company:			
Continuing operations		536	(26)
Discontinued operation		–	(1,154)
		536	(1,180)

Consolidated Statement of Changes in Equity

Year ended December 31, 2021

	Attributable to owners of the Company														
(S$ million)	Share capital	Reserve for own shares	Foreign currency translation reserve	Capital reserve	Merger reserve	Share-based payments reserve	Fair value reserve	Hedging reserve	Cost of hedging reserve	Revenue reserve	Total	Perpetual securities	Total	Non-controlling interests	Total equity
Group															
Balance at January 1, 2021	566	(11)	(475)	160	29	(10)	60	(132)	(1)	3,153	3,339	–	3,339	137	3,476
Total comprehensive income for the year															
Profit for the year	–	–	–	–	–	–	–	–	–	279	279	–	279	21	300
Other comprehensive income															
Foreign currency translation differences for foreign operations	–	–	81	–	–	–	–	–	–	–	81	–	81	3	84
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	1	–	–	–	–	–	–	–	1	–	1	–	1
Net change in fair value of cash flow hedges	–	–	–	–	–	–	–	136	–	–	136	–	136	2	138
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	–	–	–	–	10	–	–	10	–	10	–	10
Cost of hedging reserve – changes in fair value	–	–	–	–	–	–	–	–	(46)	–	(46)	–	(46)	–	(46)
Cost of hedging reserve – reclassified to profit or loss	–	–	–	–	–	–	–	–	47	–	47	–	47	–	47
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	(20)	–	–	–	(20)	–	(20)	–	(20)
Realisation of reserves upon disposal / liquidation of subsidiaries and asset held for sale	–	–	*	–	–	–	–	–	–	–	*	–	*	–	*
Transfer of reserves	–	–	(8)	(2)	–	*	*	–	–	10	–	–	–	–	–
Net change in fair value of cash flow hedges reclassified to cost of investment of a subsidiary	–	–	–	–	–	–	–	(1)	–	–	(1)	–	(1)	–	(1)
Defined benefit plan actuarial gains and losses	–	–	–	–	–	–	–	–	–	14	14	–	14	*	14
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	–	–	35	–	*	35	–	35	–	35
Total other comprehensive income for the year	–	–	74	(2)	–	*	(20)	180	1	24	257	–	257	5	262
Total comprehensive income for the year	–	–	74	(2)	–	*	(20)	180	1	303	536	–	536	26	562
Transactions with owners of the Company, recognised directly in equity															
Share-based payments	–	–	–	–	–	14	–	–	–	–	14	–	14	–	14
Purchase of treasury shares	–	(13)	–	–	–	–	–	–	–	–	(13)	–	(13)	–	(13)
Treasury shares transferred to employees	–	9	–	–	–	(9)	–	–	–	–	–	–	–	–	–
Acquisition of non-controlling interests	–	–	–	(2)	–	–	–	–	–	–	(2)	–	(2)	2	–
Dividend paid to owners (Note C4)	–	–	–	–	–	–	–	–	–	(107)	(107)	–	(107)	–	(107)
Dividend paid / payable to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(14)	(14)
Total transactions with owners	–	(4)	–	(2)	–	5	–	–	–	(107)	(108)	–	(108)	(12)	(120)
At December 31, 2021	566	(15)	(401)	156	29	(5)	40	48	–	3,349	3,767	–	3,767	151	3,918

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended December 31, 2021

(S$ million)	Share capital	Reserve for own shares	Foreign currency translation reserve	Capital reserve	Merger reserve	Share-based payments reserve	Fair value reserve	Hedging reserve	Cost of hedging reserve	Revenue reserve	Total	Perpetual securities	Total	Non-controlling interests	Total equity
	Attributable to owners of the Company														
Group															
Balance at January 1, 2020	566	(4)	(482)	156	29	(9)	74	(87)	–	5,827	6,070	801	6,871	1,008	7,879
Total comprehensive income for the year															
Loss for the year	–	–	–	–	–	–	–	–	–	(997)	(997)	–	(997)	(124)	(1,121)
Other comprehensive income															
Foreign currency translation differences for foreign operations	–	–	(22)	–	–	–	–	–	–	–	(22)	–	(22)	5	(17)
Exchange differences on monetary items forming part of net investment in foreign operation	–	–	(2)	–	–	–	–	–	–	–	(2)	–	(2)	–	(2)
Net change in fair value of cash flow hedges	–	–	–	–	–	–	–	(115)	–	–	(115)	–	(115)	(13)	(128)
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	–	–	–	–	86	–	–	86	–	86	5	91
Cost of hedging reserve – changes in fair value	–	–	–	–	–	–	–	–	(43)	–	(43)	–	(43)	–	(43)
Cost of hedging reserve – reclassified to profit or loss	–	–	–	–	–	–	–	–	42	–	42	–	42	–	42
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	(14)	–	–	–	(14)	–	(14)	–	(14)
Realisation of reserves upon the Distribution	–	–	–	(125)	–	–	–	–	–	–	(125)	–	(125)	–	(125)
Realisation of reserves upon disposal of subsidiaries / assets held for sale	–	–	31	4	–	*	–	–	–	–	35	–	35	1	36
Defined benefit plan actuarial gains and losses	–	–	–	–	–	–	–	–	–	(9)	(9)	–	(9)	*	(9)
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	–	–	(16)	–	–	(16)	–	(16)	–	(16)
Total other comprehensive income for the year	–	–	7	(121)	–	*	(14)	(45)	(1)	(9)	(183)	–	(183)	(2)	(185)
Total comprehensive income for the year	–	–	7	(121)	–	*	(14)	(45)	(1)	(1,006)	(1,180)	–	(1,180)	(126)	(1,306)
Transactions with owners of the Company, recognised directly in equity															
Contribution by non-controlling interests	–	–	–	125	–	–	–	–	–	–	125	–	125	474	599
Capital reduction / distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	*	*
Share-based payments	–	–	–	–	–	8	–	–	–	–	8	–	8	*	8
Purchase of treasury shares	–	(16)	–	–	–	–	–	–	–	–	(16)	–	(16)	–	(16)
Treasury shares transferred to employees	–	9	–	–	–	(9)	–	–	–	–	–	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	*	–
Disposal of non-controlling interest in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,208)	(1,208)
Perpetual securities distribution paid	–	–	–	–	–	–	–	–	–	–	–	(818)	(818)	–	(818)
Accrued perpetual securities distribution (Note C4)	–	–	–	–	–	–	–	–	–	(17)	(17)	17	–	–	–
Transfer of reserve	–	–	–	*	–	–	–	–	–	*	–	–	–	–	–
Dividend paid to owners (Note C4)	–	–	–	–	–	–	–	–	–	(54)	(54)	–	(54)	–	(54)
Dividend paid / payable to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(11)	(11)
Dividend distribution in specie (Note G6)	–	–	–	–	–	–	–	–	–	(1,597)	(1,597)	–	(1,597)	–	(1,597)
Total transactions with owners	–	(7)	–	125	–	(1)	–	–	–	(1,668)	(1,551)	(801)	(2,352)	(745)	(3,097)
At December 31, 2020	566	(11)	(475)	160	29	(10)	60	(132)	(1)	3,153	3,339	–	3,339	137	3,476

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2021

(S$ million)	Note	Group 2021	Group 2020
Cash flows from operating activities			
Profit for the year:			
Continuing operations		300	179
Discontinued operation		–	(1,300)
Adjustments for:			
Dividend		(2)	(2)
Finance income		(26)	(73)
Finance costs		423	569
Depreciation and amortisation		457	579
Amortisation of deferred income and capital grants		(4)	(4)
Share of results of associates and joint ventures, net of tax		(206)	(233)
Gain / (Loss) on disposal of:			
– property, plant and equipment, intangible assets and other financial assets		(21)	(9)
– assets held for sale		(3)	30
Loss / (Gain) on disposal and liquidation of subsidiaries		3	(20)
Changes in fair value of financial instruments		(29)	25
Loss on the Distribution		–	970
Equity settled share-based compensation expenses		14	8
Allowance for:			
– impairment of investment in an associate and a joint venture		212	113
– impairment loss in value of assets and assets written off, net		11	70
– impairment of goodwill		–	27
– expected credit loss		19	11
– intangible assets		*	6
– impairment on assets held for sale		1	4
Negative goodwill		–	(17)
Provision for remediation of legacy sites		30	4
Inventories written down and allowance for stock obsolescence (net)		2	134
Tax expense	B3(a)	123	(25)
Operating profit before working capital changes		1,304	1,046
Changes in:			
Inventories		(28)	(50)
Receivables	(i)	(489)	(51)
Payables		498	(301)
Contract costs		*	(5)
Contract assets		(13)	(163)
Contract liabilities		(17)	118
		1,255	594
Tax paid		(36)	(103)
Net cash from operating activities		1,219	491

(S$ million)	Note	Group 2021	Group 2020
Cash flows from investing activities			
Dividend received		95	198
Interest received		30	68
Proceeds from:			
– disposal of interests in subsidiaries, net of cash disposed		–	54
– divestment of asset held for sale		30	47
– sale of property, plant and equipment		17	14
– sale of intangible assets		*	*
– disposal of other financial assets and business		311	150
Loan repayment from related parties		–	1
Non-trade balances with related corporations, net of repayment		–	5
Acquisition of subsidiaries, net of cash acquired		–	(9)
Acquisition of additional investments in joint ventures and associates		*	(2)
Acquisition of other financial assets		(293)	(165)
Purchase of property, plant and equipment and investment properties		(282)	(318)
Purchase of intangible assets		(8)	(15)
Distribution in specie, net of cash in SCM		–	(1,309)
Net cash used in investing activities		(100)	(1,281)
Cash flows from financing activities			
Proceeds from share issued to non-controlling interests of subsidiaries		–	599
Proceeds from share options exercised with issue of treasury shares		–	(1)
Purchase of treasury shares		(13)	(15)
Repayment of lease liabilities		(15)	(28)
Proceeds from borrowings		3,403	5,241
Repayment of borrowings		(3,752)	(4,351)
Dividends paid to owners of the Company		(107)	(54)
Dividends paid to non-controlling interests of subsidiaries		(17)	(8)
Payment in restricted cash held as collateral		(24)	5
Perpetual securities distribution paid		–	(818)
Capital reduction paid to non-controlling interests		–	*
Interest paid		(330)	(515)
Net cash (used in) / from financing activities		(855)	55
Net increase / (decrease) in cash and cash equivalents		264	(735)
Cash and cash equivalents at beginning of the year		1,009	1,740
Effect of exchange rate changes on balances held in foreign currency		24	4
Cash and cash equivalents at end of the year	E4	1,297	1,009

i. In 2020, the Group has received strategic spares of S$16 million as settlement with a vendor recognised in 2019 under other receivables.

ii. In September 2020, the Company subscribed to SCM's S$1.5 billion equity rights issue through the conversion of a loan receivable from SCM. The Company subsequently distributed all its shares in SCM to its ordinary shareholders through a distribution in specie (Note C4).

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

A. About These Financial Statements

Sembcorp Industries Ltd (the Company) is a company incorporated in the Republic of Singapore and has its registered office at 30 Hill Street, #05-04, Singapore 179360.

The Company is 49.52% owned by Temasek Holdings (Private) Limited. Under SFRS(I) 10 Consolidated Financial Statements, the Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

The financial statements comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates and joint ventures.

On May 27, 2021, the Group announced its strategic plan to transform its portfolio from brown to green, by focusing on growing its renewable energy and integrated urban solutions businesses, supporting sustainable development, in addition to the conventional energy business.

The financial statements were authorised for issue by the Board of Directors on February 23, 2022.

A1. Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements unless otherwise specified.

The financial statements have been prepared on the historical cost basis except as otherwise described in the accounting policies.

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions, which are based on historical experience and various other factors believed to be reasonable under the circumstances, form the basis of judgement about carrying value of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about key management judgements and estimates that are considered material to the financial statements are incorporated in respective notes to the financial statements.

The financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million unless otherwise stated. '*' denotes financial value that is less than S$1 million.

Information is only being included in the financial report to the extent it is considered material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if:

- dollar amount is significant in value
- dollar amount is significant by nature
- financial results cannot be understood without specific disclosure
- critical to allow user to understand significant changes in group businesses

Impact of COVID-19

In 2021, border closures, production stoppages and workplace closures have resulted in slowdowns in the overall economies and activities, Integrated Urban Solutions' completion and handover of land and residential and commercial property sales and construction progress, to adhere to the respective governments' movement control measures. The COVID-19 related reliefs received from the Government in 2021 are disclosed in Note B4.

The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets. Uncertainties continue to persist with regard to the COVID-19 pandemic with the potential resurgence of infections globally, which could change these assumptions in the future.

A2. Summary of Significant Accounting Policies

The accounting policies have been applied consistently by Group entities to all periods presented in these financial statements. Besides the accounting polices described below, other accounting policies are included in the respective notes to the financial statements.

i. Foreign currencies

Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group entities using exchange rates at the dates of the transactions. At each balance sheet date, foreign currency monetary assets and liabilities are translated to the functional currency using foreign exchange rates at that date.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using exchange rates at the date of the transaction while those measured at fair value are translated to the functional currency using exchange rates at the date the fair value was determined.

Foreign currency differences are recognised in profit or loss, except when arising from the translation of the following items, in which case the differences are recognised in other comprehensive income:

- Equity instruments designated as fair value through other comprehensive income (FVOCI). (However, upon impairment, the foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- A financial liability designated as a hedge of a net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of entities with a functional currency other than Singapore dollar are expressed in Singapore dollar using exchange rates prevailing at the balance sheet date. Income and expense items and cash flows are translated at the average exchange rates for each month and exchange differences arising are recognised directly in other comprehensive income.

On disposal of a foreign entity, the cumulative amount previously recognised in the consolidated statement of comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated accordingly.

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such exchange differences are reclassified to the foreign currency translation reserve in the consolidated statement of comprehensive income and are released to the consolidated statement of profit or loss upon disposal of the investment as part of the gain or loss on disposal.

Notes to the Financial Statements

A. About These Financial Statements *(cont'd)*

A2. Summary of Significant Accounting Policies *(cont'd)*

ii. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

The financial statements of subsidiaries acquired or disposed during the financial year are included or excluded from the consolidated financial statements from their respective dates of obtaining control or ceasing control. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group. All intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition includes fair values of any contingent or deferred consideration arrangement and any pre-existing equity interest in the subsidiary. From January 1, 2017, acquisition related costs are recognised in the profit or loss as incurred whereas prior to this date, acquisition related costs formed part of the cost of acquisition. The unwinding of any interest element of deferred consideration is recognised in profit or loss.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit or loss on the date of acquisition.

Business combinations that involve entities under common control are excluded from the scope of SFRS(I) 3. Such combinations are accounted at historical costs in a manner similar to the pooling-of-interest method, in the preparation of the consolidated financial statements. Under this method of accounting, the difference between the value of the share capital issued and the value of shares received is taken to the merger reserve.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or financial assets at FVOCI depending on the level of influence retained.

From January 1, 2010, changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. The difference between the change in the carrying amounts of the non-controlling interests (NCI) and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. Prior to January 1, 2010, any excess of the cost of acquisition of NCI over the carrying amount of the interest in the net assets acquired at the date of acquisition was recognised as goodwill.

On a transaction-by-transaction basis, the measurement of NCI is either at fair value or at the NCI's share of the fair value of the identifiable net assets of the acquiree.

Non-controlling interest

NCI comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statements of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the NCI based on their respective interest in a subsidiary, even if this results in the NCI having a deficit balance.

Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of net assets of the subsidiary.

Associates and joint ventures

Associates and joint ventures are accounted for using the equity method of accounting from the date that significant influence commences until the date that significant influence ceases and are recognised initially at cost. The cost of investments includes transaction costs. When the Group's share of losses exceeds its interest in the associate or joint venture, the carrying amount of the investment (including any other unsecured receivables, that in substance, form part of the Group's net investment) is reduced to zero, and the recognition of further losses is discontinued unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to profit or loss in the period of the acquisition. Where the audited financial statements are not yet available for the purpose of statutory filing, the share of results is arrived at from management financial statements.

Impairment for associates and joint ventures

An impairment loss in respect of an associate or joint venture shall be recognised if, and only if, the recoverable amount of the investment is less than the carrying amount. An impairment loss is recognised in the profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

iii. Adoption of new accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on January 1, 2021:

- *Amendments to SFRS(I) 16 COVID-19 Related Rent Concessions*
- *Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2 (IBOR Phase 2)*

In accordance with the transition provisions, the IBOR Phase 2 amendments are applied retrospectively to hedging relationships and financial instruments. The Group's comparative amounts have not been restated. Since the Group has no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at December 31, 2020, there is no impact on opening equity balances as a result of retrospective application.

The adoption of these amendments to standards and interpretations does not have a material effect on the financial statements.

Notes to the Financial Statements

B. Our Performance

B1. Segments Information

The principal activities of the Company are those of an investment holding company, corporate headquarter and the production and supply of utilities services, terminalling and storage of petroleum products and chemicals.

The Group is organised into business units based on nature of products and services and geographical location of the business or venture. In 2021, as part of the strategic plan to transform its portfolio from brown to green, the Group has re-organised its businesses into four (2020: three) reportable segments namely Renewables, Integrated Urban Solutions, Conventional Energy and Other businesses and Corporate. Consequently, prior year's reported segment information has been re-presented accordingly.

The operating segments outlined below have been identified based on reports reviewed by the Group's President & CEO that are used to make strategic decision, allocate resources, monitor, and assess performance. The performance of operating segments is evaluated based on net profit and is measured in accordance with the Group's accounting policies.

The principal activities of key subsidiaries are as follows:

i. **Renewables**
The Renewables segment's principal activities are the provision of electricity from solar and wind resources (both self-generated and imported), energy storage, trading of Energy Attribute Certificates as well as provision of system services that support integration of renewables into grid. This segment also includes the development and provision of installation, operation and maintenance of solar, wind and energy storage assets;

ii. **Integrated Urban Solutions**
The Integrated Urban Solutions segment supports sustainable development through its suite of urban, water as well as waste and waste-to-resource solutions. The segment's businesses comprise the development of large-scale integrated urban developments and integrated townships such as industrial parks, business, commercial and residential spaces, production and reclamation of water and industrial wastewater treatment as well as solid waste management and waste-to-resource solutions. This segment also includes carbon capture, utilisation and storage (CCUS) projects;

iii. **Conventional Energy**
The Conventional Energy segment's principal activities include the sale of energy molecules (including natural gas, steam and electricity from a diversity of fossil fuels such as natural gas and coal). This segment also includes sale of water products from its integrated assets; and

iv. **Other Businesses and Corporate**
The Other Businesses and Corporate segment comprises businesses mainly relating to specialised construction, minting, the Group's captive insurance and financial services, as well as corporate costs.

a. **Operating Segments**
Information regarding the results of each reportable segment is included below.

(S$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Elimination	Total
2021						
Turnover						
External sales	354	465	6,679	297	–	7,795
Inter-segment sales	*	8	33	10	(51)	–
Total	**354**	**473**	**6,712**	**307**	**(51)**	**7,795**
Results						
Earnings before interest, taxes, depreciation and amortisation[1] (EBITDA)	251	143	964	(70)	–	1,288
Share of results of associates and joint ventures, net of tax	27	97	81	1	–	206
Adjusted EBITDA	**278**	**240**	**1,045**	**(69)**	**–**	**1,494**
Depreciation and amortisation	(82)	(54)	(313)	(8)	–	(457)
Other non-cash (expenses) / income:						
– Impairment of investment in a joint venture	–	–	(212)	–	–	(212)
– Allowance for impairment in value of assets and assets written off	*	(4)	(6)	(1)	–	(11)
– Others	*	–	1	5	–	6
Finance income	5	15	30	104	(128)	26
Finance costs	(117)	(13)	(300)	(121)	128	(423)
Profit / (Loss) before tax	**84**	**184**	**245**	**(90)**	**–**	**423**
Tax expense	(25)	(17)	(59)	(22)	–	(123)
Non-controlling interests	(3)	(6)	(12)	–	–	(21)
Profit / (Loss) for the year	**56**	**161**	**174**	**(112)**	**–**	**279**
Assets						
Segment assets	2,778	1,432	8,774	1,498	(1,744)	12,738
Associates and joint ventures	265	877	458	–	–	1,600
Tax assets	7	20	13	17	–	57
Total assets	**3,050**	**2,329**	**9,245**	**1,515**	**(1,744)**	**14,395**
Liabilities						
Segment liabilities	1,747	586	5,217	4,098	(1,744)	9,904
Tax liabilities	98	52	310	113	–	573
Total liabilities	**1,845**	**638**	**5,527**	**4,211**	**(1,744)**	**10,477**
Capital expenditure[2]	**189**	**50**	**71**	**7**	**–**	**317**

[1] Indicates EDITDA excluding major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-off.

[2] Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B1. Segments Information *(cont'd)*

a. Operating Segments *(cont'd)*

(S$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Elimination	Total
2020						
Turnover						
External sales	281	422	4,571	173	–	5,447
Inter-segment sales	*	7	23	10	(40)	–
Total	281	429	4,594	183	(40)	5,447
Results						
Earnings before interest, taxes, depreciation and amortisation[1] (EBITDA)	225	107	892	(40)	–	1,184
Share of results of associates and joint ventures, net of tax	27	103	102	1	–	233
Adjusted EBITDA	**252**	**210**	**994**	**(39)**	**–**	**1,417**
Depreciation and amortisation	(77)	(50)	(309)	(8)	–	(444)
Other non-cash income / (expenses):						
– Impairment of investment in an associate and a joint venture	–	–	(81)	(32)	–	(113)
– Allowance for impairment in value of assets and assets written off, net	(1)	(9)	(66)	*	–	(76)
– Write-off of inventory	–	–	(53)	–	–	(53)
– Write-down inventory to net realisable value	–	–	(45)	–	–	(45)
– Impairment of goodwill	–	–	(27)	–	–	(27)
– Negative goodwill	–	17	–	–	–	17
– Impairment of asset held for sale	–	(4)	–	–	–	(4)
– Others	*	–	1	2	–	3
Finance income	5	13	44	167	(194)	35
Finance costs	(127)	(16)	(344)	(168)	156	(499)
Profit before tax	**52**	**161**	**114**	**(78)**	**(38)**	**211**
Tax (expense) / credit	(7)	(16)	17	(26)	–	(32)
Non-controlling interests	1	(5)	(18)	–	–	(22)
Profit / (Loss) from continuing operations	**46**	**140**	**113**	**(104)**	**(38)**	**157**
Loss from discontinued operation, net of tax and NCI						(1,154)
Loss for the year						(997)
Assets						
Segment assets	2,731	1,442	8,076	2,340	(2,676)	11,913
Associates and joint ventures	227	743	618	–	–	1,588
Tax assets	7	20	15	19	–	61
Total assets	2,965	2,205	8,709	2,359	(2,676)	13,562
Liabilities						
Segment liabilities	1,665	703	5,912	4,031	(2,676)	9,635
Tax liabilities	71	50	226	104	–	451
Total liabilities	1,736	753	6,138	4,135	(2,676)	10,086
Capital expenditure[2]	119	53	80	17	–	269

[1] Indicates EDITDA excluding major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-off.

[2] Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

b. Geographical Segments

The Group's geographical segments are presented in six principal geographical areas: Singapore, India, UK, Rest of Asia, China and Middle East. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

(S$ million)	Turnover December 31, 2021	Turnover December 31, 2020	Capital Expenditure December 31, 2021	Capital Expenditure December 31, 2020
Singapore	4,817	2,914	212	110
India	1,496	1,573	27	53
UK	859	460	58	30
Rest of Asia	379	211	7	38
China	210	191	13	33
Middle East	32	63	–	*
Other Countries	2	35	–	5
Total	7,795	5,447	317	269

(S$ million)	Non-current Assets December 31, 2021	Non-current Assets December 31, 2020	Total Assets December 31, 2021	Total Assets December 31, 2020
India	4,721	4,988	5,941	6,099
Singapore	1,967	1,878	3,464	2,740
China	1,436	1,577	1,948	2,069
Rest of Asia	1,303	1,236	1,586	1,519
UK	731	637	1,131	860
Middle East	290	234	311	264
Other Countries	14	8	14	11
Total	10,462	10,558	14,395	13,562

Majority of the Group's revenue is from Singapore and India which contributed to 62% (2020: 53%) and 19% (2020: 29%) respectively.

24% (2020: 20%) and 41% (2020: 45%) of the Group's total assets are located in Singapore and India respectively.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover

This note explains how our Group's revenue from contracts with customers are measured and recognised. Turnover of the discontinued operation is shown in Note G6.

Accounting policies

Revenue is measured based on consideration specified in a contract with customer. The Group recognises revenue when it transfers control over a good or service to a customer.

For all revenue contracts with customers, the Group accounts for modifications to the scope or price (or both) of a contract, as separate contracts, if the modifications add distinct goods or services at their stand-alone selling prices. For contract modifications that add distinct goods or services but not at their stand-alone selling prices, the Group applies a new transaction price, combining the remaining consideration with the consideration promised on the modification, to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and recognises a cumulative adjustment to revenue at the date of the modification.

Revenue from Contracts with Customers

a. Sale of Electricity, Utilities and Gas and Related Services

The sale of electricity, utilities and gas and related services are determined to be a series of distinct goods satisfied over time. This is because the customers simultaneously receive and consume the benefits provided by the Group. Invoices are generated monthly based on the output delivered to the customers. No significant element of financing is deemed present as the sales are typically made with a credit term of 30 days, consistent with market practice.

Revenue from these sales is recognised based on price (including variable considerations) specified in the contracts. Variable considerations such as off specification delivery are reviewed and estimated monthly. A refund liability is recognised in provisions for off specification delivery and outage, if any.

When the period between the satisfaction of a performance obligation and payment by the customer exceeds one year, the Group adjusts the consideration for time value of money and recognises a financing component.

b. Service Concession Revenue

The Group has entered into service concession contracts with local governments or governing agencies (the grantor) to design, build and operate (including the maintenance of) water treatment plants or power generation plants over an agreed period ranging from 22 to 30 years. At the end of the concession period, these assets are to be transferred to the grantor and any extension will be based on mutual agreements. These contractual arrangements fall within the scope of SFRS(I) INT 12.

The Group recognises and measures revenue for building (construction services) and operating these assets as specified in the contracts in accordance with SFRS(I) 15 for the services performed. Revenue relating to construction services under a service concession arrangement is recognised over time when the performance obligations are satisfied.

Operation or service revenue is recognised in the period in which the services are provided by the Group, consistent with the Group's accounting policy on recognising revenue on sale of electricity, utilities and gas and related services (see Note B2(a) above). When the Group provides more than one service in a service concession arrangement, the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

c. Construction of Infrastructure and Related Engineering Services

The Group builds specialised assets for customers for which the Group does not have an alternative use. Revenue is recognised when control over the specialised asset has been transferred to customers.

Contracts with Enforceable Right to Payment

For contracts where the Group has contractual enforceable rights to payment, revenue is recognised over time with reference to the Group's progress towards completing the construction of the specialised asset. The stage of completion is typically assessed either by surveys of work performed (output method), or the cost incurred to date relative to total estimated cost (input method), depending on which method is commensurate with the pattern of transfer of control to customers. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

The Group recognises a financing component using discount rates at contract inception if the delivery of goods and payment by customers exceed one year. If the period between the delivery and payment is one year or less, the Group applies the practical expedient not to adjust for significant financing component.

For contracts with standard warranty terms on the performance of the asset, a warranty provision is estimated based on historical data, from known and expected warranty work as well as contractual obligations to be performed after completion. The warranty expense incurred could be higher or lower than the provision made.

d. Sales of Development Properties

The Group develops and sells residential projects to customers through fixed price contracts. For such contracts, the Group does not have enforceable rights to payment in accordance with the contractual terms. Revenue is recognised at a point in time when the control over the residential project has been transferred to customers and customers' acceptance have been obtained, which is also when the rights to payment become enforceable.

e. Sales of Other Goods

Revenue is recognised at a point in time when the goods are transferred to customers and the criteria for acceptance have been satisfied.

Rental Income

Rental income receivable under operating lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of total rental income, over the term of the lease.

Contingent rentals are recognised as income in the accounting period in which they are earned.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

Key estimates and judgements

The Group has applied judgement and estimates in its revenue recognition of long-term contracts. Any increases or decreases in estimated revenue or costs due to change in circumstances are reflected in the profit or loss in the period in which the changes become known to management. The key estimates and judgements applied are:

Performance Obligation

Significant judgement is required in determining whether the performance obligations are distinct. The Group's assessment includes considerations of whether customers can benefit from the good or service either on its own or together with other resources that are readily available to the customers and whether the Group's promise to transfer the good or service to the customers is separately identifiable from other promises in the contracts. The Group has assessed that long-term contracts with customers have a single performance obligation in view that the services in the contracts are not distinct.

Variable Considerations

For contracts with variable considerations (i.e. liquidated damages, or where customers can contractually rescind the delivery of utilities and gas which do not meet the specifications), the Group has applied judgement in determining the transaction price, based on evaluation of any potential risks and factors which may affect the completion or delivery of the contracts, in accordance with the contractual obligations.

Percentage of Completion

For revenue recognised over time, the percentage of completion for certain contracts is assessed by reference to the contract costs incurred to date in proportion to the total estimated contract costs for each contract. In making these estimates, the Group has relied on the expertise of surveying engineers and management's past experiences from completed projects. The estimated total costs are reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

Onerous Contracts

The Group conducts critical review of all its long-term construction contracts regularly. Allowance is made to account for onerous contracts. The Group monitors and reviews the progress of all long-term land development and construction contracts, taking into consideration inputs from internal project managers and external customers in estimating the total contract costs to complete as well as evaluating any potential risks and factors which may affect contract prices, costs and timely completion of these contracts. The review also encompasses the cost analysis process whereby both actual costs incurred and future costs to complete are critically examined.

Cost Allocation Method on Long-term Land Development Contracts

Land development costs incurred are capitalised as work-in-progress and allocated to the respective parcels of land based on the relative sales method.

Fulfilment Costs

Significant judgement is required to determine if the contract costs recognised are expected to be recovered. Such judgement includes assessment of any potential risks and factors which may affect customers' ability to take delivery of the rig, ship and construction. The assessment also encompasses the analysis of the industry outlook and customers' financial health.

Information regarding the turnover is included below:

(S$ million)	Note	2021	2020
Revenue from contracts with customers	(a)	7,790	5,444
Rental income		5	3
		7,795	5,447

There was no revenue from performance obligations satisfied or partially satisfied in previous periods due to change in estimate of the transaction price in 2021 and 2020.

Revenue from Contracts with Customers

a. Disaggregation of Revenue from Contracts with Customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major product / service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments. Following the change in reportable segments in 2021 (see B1), certain product / service line items are re-presented.

	Reportable segments				
(S$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Total
2021					
Primary geographical markets					
Singapore	45	252	4,236	284	4,817
India	285	–	1,211	–	1,496
UK	20	–	838	1	859
Rest of Asia	4	3	362	10	379
China	*	205	*	*	205
Middle East	–	–	32	*	32
Other countries	–	–	–	2	2
Total	354	460	6,679	297	7,790
Major product / service lines					
Provision of energy products and related services (including electricity, gas and steam)	350	–	6,276	*	6,626
Provision of water products, reclamation of water and industrial wastewater treatment	–	187	126	–	313
Solid waste management	–	237	1	–	238
Service concession revenue	–	15	185	–	200
Construction and engineering related activities	–	–	–	271	271
Others	4	21	91	26	142
Total	354	460	6,679	297	7,790
Timing of revenue recognition					
Over time	319	446	6,677	271	7,713
At a point in time	35	14	2	26	77
Total	354	460	6,679	297	7,790

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

a. Disaggregation of Revenue from Contracts with Customers *(cont'd)*

	Reportable segments				
(S$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Total
2020					
Primary geographical markets					
Singapore	10	197	2,546	161	2,914
India	262	–	1,312	–	1,574
UK	9	–	451	*	460
Rest of Asia	–	3	198	10	211
China	–	186	1	*	187
Middle East	–	–	63	–	63
Other countries	–	33	–	2	35
Total	281	419	4,571	173	5,444
Major product / service lines					
Provision of energy products and related services (including electricity, gas and steam)	281	–	4,114	*	4,395
Provision of water products, reclamation of water and industrial wastewater treatment	–	177	127	–	304
Solid waste management	–	183	–	–	183
Service concession revenue	–	40	198	–	238
Construction and engineering related activities	–	–	–	151	151
Others	*	19	132	22	173
Total	281	419	4,571	173	5,444
Timing of revenue recognition					
Over time	271	407	4,570	149	5,397
At a point in time	10	12	1	24	47
Total	281	419	4,571	173	5,444

Service concession revenue included interest revenue of S$64 million (2020: S$68 million).

b. Transaction Price Allocated to Remaining Performance Obligations

Accounting policies

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at balance sheet date. This is estimated based on the expected progress of the projects or expected energy output. Estimated amounts of considerations which are variable in nature are not included in the table below.

(S$ million)	Note	Within the next 12 months	Between 1 to 5 years	More than 5 years	Total
2021					
Segment					
Renewables	(i)	–	–	–	–
Integrated Urban Solutions		88	206	218	512
Conventional Energy		1,346	1,252	436	3,034
Other Businesses and Corporate		336	654	–	990
Total		1,770	2,112	654	4,536
2020					
Segment					
Renewables	(i)	–	–	–	–
Integrated Urban Solutions		71	164	636	871
Conventional Energy		1,051	2,378	537	3,966
Other Businesses and Corporate		319	773	–	1,092
Total		1,441	3,315	1,173	5,929

i. The Group does not disclose information about its remaining performance obligations as the Renewables energy output is variable in nature and the Group has a right to invoice the customers amounts that corresponds directly with its actual energy output.

c. Assets and Liabilities Related to Contracts with Customers

Contract Assets and Contract Liabilities

The Group and the Company have recognised the following assets and liabilities related to contracts with customers:

	Group		Company	
(S$ million)	2021	2020	2021	2020
Contract assets	28	15	–	–
Contract liabilities				
Current	121	141	2	3
Non-current	74	71	27	28
Total	195	212	29	31

Contract assets

The contract assets primarily relate to the Group's conditional rights to consideration for work completed or utilities delivered but not yet billed at the balance sheet date. If the value of the goods transferred or services rendered for the contract exceeds payments received from customers, a contract asset is recognised. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

In 2021, these contracts relate to the right to consideration in respect of renewable obligation certificates and infrastructure construction. In 2020, these contracts relate to the Group's infrastructure construction. The contract assets are transferred to trade receivables when the rights become unconditional.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

c. Assets and Liabilities Related to Contracts with Customers *(cont'd)*

Contract Assets and Contract Liabilities *(cont'd)*

Significant changes in the contract assets balances during the period are as follows:

	Group		Company	
(S$ million)	2021	2020[1]	2021	2020
Transfer of contract assets recognised at the beginning of the year to trade receivables	(10)	(301)	–	–
Recognition of revenue, net of transfer to trade receivables during the year	25	461	–	–
Distribution of a subsidiary	–	(1,649)	–	–
Cumulative catch-up adjustments arising from:				
– Changes in measurement of progress	*	(1)	–	–
– Contract modifications	(2)	3	–	–

[1] 2020 included amount from the discontinued operation prior to the Distribution.

Contract liabilities

Contract liabilities refer to payments received from customers that exceed the revenue recognised, which include advance received for connection and capacity charges used for delivery of utilities and revenue is recognised either over time or at a point in time. For revenue recognised over time, the balance at year end will be recognised over the remaining period stipulated in the contracts.

Significant changes in the contract liabilities balances during the year are as follows:

	Group		Company	
(S$ million)	2021	2020[1]	2021	2020
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(130)	(137)	(3)	(3)
Increases due to cash received, excluding amounts recognised as revenue during the year	115	257	–	–
Distribution of a subsidiary	–	(147)	–	–
Currency translation changes	3	2	–	–
Cumulative catch-up adjustments arising from:				
– Changes in measurement of progress	(3)	2	–	–
– Contract modifications	(4)	(2)	–	–

[1] 2020 included amount from the discontinued operation prior to the Distribution.

Contract Costs

The Group capitalises costs incurred in fulfilling the contract as contract costs only if (a) these costs can be specifically identified as costs relating directly to a contract or an anticipated contract; (b) these costs generate or enhance resources that will be used in satisfying performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are expensed to profit or loss immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

	Group	
(S$ million)	December 31, 2021	December 31, 2020
Current assets		
Costs to secure contracts	1	1
Fulfilment cost	*	*
Total	1	1
Non-current assets		
Costs to secure contracts	1	1

Costs to secure contracts

Management expects the incremental costs of securing contracts to be recoverable. The Group has therefore capitalised them in the amount of less than S$1 million (2020: less than S$1 million) as at December 31, 2021.

Fulfilment cost

Costs incurred relating to construction that are to be sold upon completion are capitalised as fulfilment cost for future performance obligations. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised. In 2021, S$nil (2020: S$167 million mainly from the discontinued operation prior to the Distribution) was amortised to cost of sales and there was no impairment losses (2020: S$nil).

B3. Taxation

This note explains how our Group tax charge arises. The deferred tax section of the note also provides information on our expected future tax charges and sets out the tax assets held across the Group together with our view on whether we expect to be able to make use of these in future.

a. Tax Expenses

Accounting policies

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to business combinations, or to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax is the expected tax payable or recoverable in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

a. Tax Expenses *(cont'd)*

Accounting policies *(cont'd)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and for taxation purposes. Deferred tax is not recognised for the following temporary differences:

i. the initial recognition of goodwill;

ii. the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

iii. differences relating to investments in subsidiaries, joint ventures and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Key estimates and judgements

The Group is subjected to taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for taxes. In determining the amount of current and deferred taxes, the Group takes into account current understanding and interpretations of existing tax laws and applies judgement as to whether the tax balances will be utilised and / or reversed in foreseeable future. The eventual taxes paid or received may vary, for which the differences will be charged to profit or loss in the period when determination is made.

(S$ million)	Note	Group 2021	Group 2020
Current tax expense			
Current year		66	55
Over provided in prior years		(14)	(17)
Foreign withholding tax		9	18
		61	56
Deferred tax expense			
Movements in temporary differences		33	(29)
Under provided in prior years		15	4
Effect of changes in tax rates	(i)	15	*
		63	(25)
Land appreciation tax expense			
Current year		(1)	1
Tax expense on continuing operations		123	32

Reconciliation of effective tax rate

(S$ million)	Note	Group 2021	Group 2020
Profit for the year from continuing operations		300	179
Total tax expense		123	32
Share of results of associates and joint ventures, net of tax		(206)	(233)
Profit / (Loss) before share of results of associates and joint ventures, and tax expense from continuing operations		217	(22)
Tax using Singapore tax rate of 17%		37	(4)
Effect of changes in tax rates	(i)	15	*
Effect of different tax rates in foreign jurisdictions		14	22
Tax incentives and income not subject to tax		(46)	(22)
Expenses not deductible for tax purposes		92	42
Utilisation of deferred tax benefits not previously recognised		(12)	(27)
Under / (Over) provided in prior years		1	(13)
Deferred tax benefits not recognised		6	5
Foreign withholding tax		9	18
Deferred tax on unremitted dividend income		2	5
Land appreciation tax		(1)	1
Effect of tax reduction on land appreciation tax		–	*
Others		6	5
Tax expense on continuing operations		123	32

i. Related to the enactment of United Kingdom (UK) corporation tax rate from 19% to 25%, which will take effect from 2023.

b. Deferred Tax Assets and Liabilities

Accounting policies

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities and assets on a net basis.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Key estimates and judgements

Certain Group entities have tax benefits arising from unutilised tax losses, tax credits and deductible temporary differences, which are available for offset against future taxable profits. The utilisation of these tax benefits, for which deferred tax asset was recognised, is premised on these Group entities' ability to generate taxable profits in the foreseeable future.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

b. Deferred Tax Assets and Liabilities *(cont'd)*

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

	Group				
(S$ million)	At January 1	Recognised in profit or loss continuing operations (Note (a))	Recognised in equity (Note (c))	Translation adjustments	At December 31
2021					
Deferred tax liabilities					
Property, plant and equipment	400	61	–	(5)	456
Other financial assets	24	*	19	*	43
Trade and other receivables	30	2	–	–	32
Intangible assets	30	(2)	–	*	28
Other items	5	7	5	*	17
Total	489	68	24	(5)	576
Deferred tax assets					
Property, plant and equipment	(86)	7	–	*	(79)
Inventories	(2)	*	–	–	(2)
Trade receivables	(3)	(1)	–	*	(4)
Trade and other payables	(12)	*	–	(1)	(13)
Tax losses	(45)	(26)	–	2	(69)
Provisions	(30)	2	–	*	(28)
Other financial liabilities	(26)	*	13	1	(12)
Retirement benefit obligations	6	*	–	*	6
Other items	(34)	13	–	*	(21)
Total	(232)	(5)	13	2	(222)

	Group								
(S$ million)	At January 1	Recognised in profit or loss continuing operations (Note (a))	Recognised in profit or loss discontinued operation	Recognised in equity (Note (c))	Acquisition of subsidiary	Disposal of subsidiary	Distribution of a subsidiary	Translation adjustments	At December 31
2020									
Deferred tax liabilities									
Property, plant and equipment	445	53	(5)	*	2	(1)	(85)	(9)	400
Other financial assets	28	*	–	(4)	–	–	–	*	24
Trade and other receivables	25	5	–	–	–	–	–	–	30
Intangible assets	62	(3)	(1)	–	2	–	(28)	(2)	30
Other items	5	3	*	(2)	–	*	(1)	*	5
Total	565	58	(6)	(6)	4	(1)	(114)	(11)	489
Deferred tax assets									
Property, plant and equipment	(160)	(7)	2	–	–	*	79	*	(86)
Inventories	(2)	*	*	–	–	–	*	–	(2)
Trade receivables	(3)	*	*	–	–	*	*	*	(3)
Trade and other payables	(28)	(1)	(4)	*	*	–	21	*	(12)
Tax losses	(6)	(52)	(57)	–	–	*	65	5	(45)
Provisions	(45)	*	*	–	–	–	15	*	(30)
Other financial liabilities	(29)	(1)	–	3	–	–	1	*	(26)
Retirement benefit obligations	6	*	*	–	–	–	*	*	6
Other items	(12)	(22)	–	–	–	*	*	*	(34)
Total	(279)	(83)	(59)	3	*	*	181	5	(232)

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

b. Deferred Tax Assets and Liabilities *(cont'd)*

(S$ million)	Company At January 1, 2020	Recognised in profit or loss	At December 31, 2020	Recognised in profit or loss	At December 31, 2021
Deferred tax liabilities					
Property, plant and equipment	36	(1)	35	(4)	31
Deferred tax assets					
Provisions	(7)	*	(7)	1	(6)

The deferred tax liabilities and assets amounts determined after appropriate offsetting included in the balance sheet are as follows:

	Group		Company	
(S$ million)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Deferred tax liabilities	392	294	25	28
Deferred tax assets	(38)	(37)	–	–
	354	257	25	28

As at December 31, 2021, a deferred tax liability of S$3 million (2020: S$2 million) for potential taxable temporary differences arising from undistributed retained earnings related to investment in subsidiaries and joint ventures was not recognised.

Deferred tax assets have not been recognised where:

i. they qualify for offset against the tax liabilities of member companies within the Group under the Loss Transfer System of Group Relief but the terms of the transfer have not been ascertained as at year end; or

ii. it is uncertain that future taxable profit will be available against which the Group entities can utilise the benefits.

The deferred tax assets that have not been recognised, which are available to be set off against future taxable income subject to the tax provisions and agreement by the relevant tax authorities of the various jurisdictions, are disclosed below:

	Group	
(S$ million)	December 31, 2021	December 31, 2020
Deductible temporary differences	49	44
Tax losses	95	146
Capital allowances	60	49
	204	239

Tax losses of the Group amounting to S$53 million (2020: S$44 million) will expire between 2022 and 2027 (2020: 2021 and 2026). The remaining tax losses, capital allowances and deductible temporary differences do not expire under current tax legislation.

The unrecognised tax losses are reported to the extent that the taxable temporary differences arising from deferred tax liabilities of S$1,041 million (2020: S$998 million) have been set off against the unused tax losses.

c. Other Comprehensive Income

There are no income tax relating to each component of other comprehensive income, except as tabled below:

	Group					
	2021			2020		
(S$ million)	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Cash flow hedges: net movement in hedging reserves	178	(31)	147	(38)	1	(37)
Defined benefit plan actuarial gains and losses	20	(6)	14	(11)	2	(9)
	198	(37)	161	(49)	3	(46)

B4. Profit for the Year

Accounting policies

Dividend Income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

Grant Income

Government grants relating to asset are credited to a deferred asset grant account at fair value when there is reasonable assurance that the grants will be received and the Group will comply with the conditions attached. These grants are then recognised in profit or loss as other operating income on a straight-line basis over the estimated useful lives of the relevant assets.

Non-monetary government grants and assets received are valued at fair value or nominal amounts.

Grants that compensate the Group for expenses already incurred are recognised in profit or loss as other operating income on a systematic basis in the same periods in which the expenses are recognised.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B4. Profit for the Year *(cont'd)*

Detailed below are the key amounts recognised in arriving at our profit for the year:

(S$ million)	Note	Group 2021	Group 2020
a. Expenses			
Materials		5,323	3,293
Staff costs:			
– salaries, bonuses and other personnel related costs		454	371
– contributions to defined contribution plan		36	27
– equity-settled share-based payments	B6	14	8
– cash-settled share-based payments	B6	*	*
– contributions to defined benefit plan		1	1
Depreciation:			
– property, plant and equipment	D1	432	413
– investment properties	D2	3	4
Sub-contract cost		282	184
Repair and maintenance		99	114
Provision for remediation of legacy sites	H2	30	4
Amortisation of intangible assets	D3	22	27
Allowance for / (write-back of) impairment losses (net):			
– receivables and contract assets	F4	19	11
– property, plant and equipment	D1, (i)	3	64
– intangible assets, excluding goodwill	D3, (i)	*	6
Property, plant and equipment written off		8	6
Inventories written off and written down	E2	2	98
Audit fees paid / payable to:			
– auditors of the Company		1	2
– other member firms of KPMG International		2	1
– other auditors		*	*
Non-audit fees paid / payable to:			
– auditors of the Company		*	1
– other member firms of KPMG International		*	*
– other auditors		*	*
Intangible assets written off	D3	*	*
Bad debts written off		*	*

(S$ million)	Note	Group 2021	Group 2020
b. Other operating income / (expenses)			
Net change in fair value of financial assets at FVTPL (mandatorily measured)		43	(27)
Grants received (income related)	(ii)	20	38
Gain on disposal of property, plant and equipment		13	5
Net exchange gain / (loss)		7	15
Gain from derecognition of financial assets		–	3
Net change in fair value of cash flow hedges		–	*
c. Non-operating income / (expenses)			
Gain / (Loss) on disposal / liquidation of:			
– other financial assets		8	3
– assets held for sale	B7	3	(30)
– subsidiaries		(3)	23
Net change in fair value of financial assets at FVTPL (designated on initial recognition)		7	2
Gross dividend income from financial assets at FVOCI		2	2
Allowance for impairment losses:			
– associate and joint venture		(212)	(113)
– assets held for sale	(iii)	(1)	(4)
– goodwill	(i)	–	(27)
Negative goodwill		–	17

i. In 2020, there were changes in market conditions from what was assumed at the time of purchase, the remaining goodwill ascribed for UKPR's acquisition of S$27 million was impaired based on the estimated value-in-use (VIU) from a revised strategy for the business to focus primarily in the grid services market. Together with the impairment losses on property, plant and equipment of S$34 million and long-term customer contracts of S$6 million, the total impairment charge recognised in 2020 amounted to S$67 million.

   The recoverable amounts of these assets were based on cash flow projection for the estimated remaining useful life of the plants ranging up to 2039. The cash flow took into consideration the increase in energy capacity and reduction on underlying demand due to energy efficiency and reduced industrial production. These factors negatively impacted the market supply and demand forecast on the estimated electricity and forecasted margins. Inflation rate of 2.5% has been used to project overheads and other general expenses.

ii. Grant income of S$20 million (2020: S$38 million) in 2021 included S$10 million (2020: S$34 million) COVID-19 related relief mainly in the form of Jobs Support Scheme (JSS) and Job Growth Incentive (JGI). The JSS and JGI are temporary schemes introduced in the Singapore Budget to help enterprises retain and expand the hiring of local employees.

iii. Assets held for sale were measured at fair value less cost to sell as at December 31 of preceding year. Impairment arose as a result of increased book value during the year up to the date of disposal.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B5. Earnings Per Share

(S$ million)	Group 2021	Group 2020
a. Profit / (Loss) attributable to owners of the Company:		
Continuing operations:		
Profit attributable to equity holders of the Company	279	157
Less: Profit attributable to perpetual security holders of the Company	–	(17)
	279	140
Discontinued operation:		
Loss from discontinued operation, net of tax attributable to owners of the Company	–	(1,154)
Profit / (Loss) for the year attributable to owners of the Company	**279**	**(1,014)**
b. Weighted average number of ordinary shares (in million)		
Issued ordinary shares at January 1	1,781	1,786
Effect of performance shares and restricted shares released	4	3
Effect of own shares held	(1)	(4)
Weighted average number of ordinary shares	1,784	1,785
Adjustment for dilutive potential ordinary shares		
– performance shares	15	8
– restricted shares	7	7
Weighted average number of ordinary shares adjusted for all dilutive potential shares	**1,806**	**1,800**
c. Earnings per ordinary share (cents)		
– basic[1]	15.63	(56.81)
– diluted[2, 3]	15.44	(56.81)
Earnings per ordinary share (cents) – Continuing operations		
– basic[1]	15.63	7.84
– diluted[2]	15.44	7.78

[1] Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company (excluding perpetual security holders) by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

[2] Diluted earnings per ordinary share is calculated by dividing the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: performance shares and restricted shares.

[3] In computing the 2020 fully diluted earnings per ordinary shares, the weighted average number of shares was not adjusted for the effects of all dilutive potential ordinary shares as at December 31, 2020 as these potential ordinary shares were antidilutive.

B6. Share-based Incentive Plans

This section sets out details of the Group's share-based remuneration arrangements, including details of the Company's PSP and RSP, collectively known as Share Plans. The Company's 2020 Share Plans was approved and adopted by the shareholders at an Annual General Meeting of the Company held on May 21, 2020.

To accelerate the Group's transformation from Brown to Green, the Board has approved a long term 5-year Transformation Incentive plan (PSP-TI). The PSP-TI's performance targets are aligned to the execution of the Environmental, Social, and Governance (ESG) transformation targets laid out in the 2025 Strategy Plan.

Accounting policies

Equity settled share-based incentive plan

The fair value of the compensation cost is charged to the profit or loss with a corresponding increase directly in equity. The fair value is measured at grant date and amortised over the service period to which the performance criteria relates and during which the employees become unconditionally entitled to the shares.

For awards granted with market-based performance conditions, market-based performance conditions are taken into account in estimating the fair value. For awards granted with non-market-based performance conditions, the compensation cost is estimated on a basis that the amount fairly reflects the manner in which the benefits will accrue to the employee over the service period to which the performance period relates.

At the balance sheet date, the Group revises its estimates of the number of performance-based shares that the employees are expected to receive based on the achievement of non-market performance conditions and the number of shares ultimately given. It recognises the impact of the revision of the original estimates in employee expense, with a corresponding adjustment to equity over the remaining vesting period.

The share-based payments reserve relating to the performance shares released is transferred to share capital when new shares are issued. When treasury shares are issued, the cost of treasury shares is transferred to share-based payments reserve.

In the Company's separate financial statements, the fair value of performance shares and restricted shares granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

Cash settled share-based incentive plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the share price of the Company. The Group recognises a provision when contractually obliged to pay or where there is a past practice that has created a constructive obligation to pay. The liability takes into account the performance achieved for the year and the probability of achieving the performance conditions in the future.

Until the liability is settled, the Group will re-measure the fair value of the liability at each balance sheet date and at the date of settlement with any changes in fair value recognised in profit or loss for the period.

Key estimates and judgements

The fair value of equity-related compensation is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B6. Share-based Incentive Plans *(cont'd)*

The table below shows share-based expense that was recognised during the year.

(S$ million)	Note	2021	2020
Equity-settled share-based	(a)	14	8
Cash-settled share-based	(b)	*	*

a. Equity-settled share-based incentive

Performance Share Plan (PSP)

One of the primary objectives of the SCI PSP 2020 is to further motivate key senior management, who has the responsibility and are able to drive the growth of the Company, to strive for superior performance and to deliver long-term shareholder value.

Awards granted under the SCI PSP 2020 are performance-based. Performance targets set under the SCI PSP 2020 are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets aimed at sustaining long-term growth.

The ERCC grants an initial number of shares (initial award) which are conditional on targets set for a performance period. A specified number of shares will only be released by the ERCC to the participants at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets over the performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

For grants made in 2021, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

2- or 3-Year PSP Performance Conditions	Final Number of Shares to be Released
1. Absolute Total Shareholders' Return (ATSR)	0% to 200% of initial grant
2. Relative Total Shareholders' Return (RTSR)	
3. Gross Renewable Energy Capacity	

5-Year PSP-TI Performance Conditions	Final Number of Shares to be Released
1. Gross Installed Renewable Energy Capacity	0% to 140% of initial grant
2. Sustainable Solutions' Profit	
3. Sustainable Land Banking and Land Sales	
4. Greenhouse Gas Emission Intensity Reduction	

Restricted Share Plan (RSP)

The number of the restricted share awards granted was based on the achievement of stretched financial and non-financial targets for the preceding financial year, with emphasis on organisational transformation to meet future challenges and adherence to environment, health and safety standards.

For the grant awarded in 2021, a third of the SCI RSP awards granted will vest immediately with the remaining two-thirds of the awards vesting over the following two years in equal tranches.

To align the interests of the non-executive directors with the interests of shareholders, up to 30% of the aggregate directors' fees approved by shareholders for a particular financial year may be paid out in the form of restricted share awards under the SCI RSP 2020. Non-executive directors were not awarded any shares except as part of their directors' fees (except for Wong Kim Yin, who is the Group President & CEO, and who does not receive any directors' fees). The awards granted comprised fully paid shares outright with no performance and vesting conditions attached, but with a selling moratorium. Non-executive directors are required to hold shares (including shares obtained by other means) worth the value of their annual base retainer; any excess may be sold as desired, subject to SGX-ST listing rules. A non-executive director may only dispose of all of his shares one year after leaving the board.

The actual number of shares awarded to each non-executive director will be determined by reference to the volume-weighted average price of a share on the Singapore Exchange (SGX) over the 14 trading days from (and including) the day on which the shares are first quoted ex-dividend after the Annual General Meeting (AGM) (or, if the resolution to approve the final dividend is not approved, over the 14 trading days immediately following the date of the AGM). The number of shares to be awarded will be rounded down to the nearest hundred and any residual balance will be settled in cash. A non-executive director who steps down before the payment of the share component will receive all of his director's fees for the year (calculated on a pro-rated basis, where applicable) in cash.

Movement in the number of shares under the Company's PSP and RSP are as follows:

	2021		2020	
	PSP	RSP	PSP	RSP
At January 1	7,682,784	10,512,748	5,319,353	4,010,900
Shares awarded	11,579,491	2,973,712	–	5,918,949
Shares released	–	(5,924,403)	–	(4,149,575)
Shares lapsed	(1,360,565)	(1,254,333)	(612,333)	(280,798)
Performance shares lapsed arising from targets not met	(3,604,282)	–	(849,553)	–
Conditional performance shares adjusted pursuant to the Distribution[1]	–	–	3,825,317	5,013,272
At December 31	14,297,428	6,307,724	7,682,784	10,512,748

[1] In 2020, as a result of the adjustments due to the Distribution, (a) an additional 3,825,317 SCI Shares are proposed to be released under the outstanding SCI Share Awards granted under the SCI PSP, assuming the full achievement of the requisite pre-determined performance conditions and targets over the performance period in respect of such outstanding SCI Share Awards; and (b) an additional 5,013,272 SCI Shares will be conditionally released under the outstanding SCI Share Awards granted under the SCI RSP over the requisite time period in respect of such outstanding SCI Share Awards.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B6. Share-based Incentive Plans *(cont'd)*

a. Equity-settled share-based incentive *(cont'd)*

SCI PSP

PSP awards granted have both market-based and non-market-based performance conditions. The Committee review achievement of the performance targets annually. For the period 2018 to 2020, as the result of not achieving the targets, no PSP shares granted were vested.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at December 31, 2021, was 14,297,428 (2020: 7,682,784). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 22,348,888 (2020: 11,524,176) performance shares.

SCI RSP

Of the restricted shares released, 420,456 (2020: 269,972) restricted shares were cash-settled. The remaining restricted shares were released via the issuance of treasury shares.

The total number of restricted shares outstanding, including award(s) achieved but not released, as at December 31, 2021, was 6,307,724 (2020: 10,512,748). The RSP balances represent 100% of targets achieved, but not released subject to individual performance and fulfilment of service conditions at vesting. The actual release of the awards is a maximum of 6,307,724 (2020: 10,512,748) restricted shares.

Awards for the performance and corporate objectives achieved in 2021 will be granted in 2022 (2020: achieved in 2020 will be granted in 2021).

The fair values of the performance and restricted shares are estimated using a Monte Carlo simulation methodology at the grant dates.

	PSP Date of Grant			
	May 31, 2021	May 31, 2021	August 6, 2021	2020
Fair value at measurement date	S$2.84[1]	S$2.60[1]	S$1.67	NA
Assumptions under the Monte Carlo model				
Share price	S$2.23	S$2.23	S$2.00	NA
Expected volatility	36.5%	36.5%	NA	NA
Risk-free interest rate	0.4%	0.6%	0.4% – 1.3%	NA
Expected dividend	3.9%	4.2%	3.7%	NA

[1] Fair value computed based on different performance periods.

	RSP Date of Grant		
	March 30, 2021	May 31, 2021	February 27, 2020
Fair value at measurement date	S$1.78	S$2.15	S$1.81
Assumptions under the Monte Carlo model			
Share price	S$1.86	S$2.23	S$1.90
Expected volatility	35.5%	36.5%	23.4%
Risk-free interest rate	0.58%	0.47%	0.77% – 0.96%
Expected dividend	4.9%	4.2%	3.5%

b. Cash-settled share-based incentive

Based on achievement, the non-managerial participants of the Group will receive a cash-settled notional restricted shares award known as the Sembcorp Challenge Bonus.

There were no restricted shares awarded and paid under Sembcorp Challenge Bonus during the year. In 2020, with the ERCC's approval on the achievement factor for performance targets for the performance period 2019, a total of S$0.9 million, equivalent to 440,335 notional restricted shares, were awarded and paid.

B7. Assets Held for Sale

Accounting policies

Assets or disposal groups are classified as assets held for sale and measured at the lower of carrying amount and fair value less costs to sell if they are expected to be recovered principally through a sale transaction rather than through continuing use.

Any impairment losses on initial classification and subsequent gains or losses on re-measurement are recognised in profit or loss. Subsequent increases in fair value less costs to sell are recognised in profit or loss (not exceeding the accumulated impairment loss that has been previously recognised).

a. As at December 31, 2020, the carrying value of CSE Holding Pte Ltd, a wholly owned subsidiary, of S$30 million was classified as asset held for sale as the conditions precedent in the conditional agreement to divest its entire 32% stake in joint venture company Shenzhen Chiwan Sembawang Engineering Co (CSE) to Chixiao Enterprise Co were substantially met. The total gross consideration was RMB150 million (approximately S$30 million). The Group's share of the cumulative translation gain of S$3 million has been realised in profit or loss upon the completion of the sale on February 5, 2021.

b. On February 6, 2020, the Group divested 100% of their interest in the water business in Chile, which was classified as asset held for sale as at December 31, 2019. Upon completion of sale, the Group realised its share of the cumulative translation loss of S$31 million in profit or loss.

Notes to the Financial Statements

C. Our Funding

In 2021, the Group has tapped into new sources of financing, repositioning to transform its portfolio from brown to green. The Group issued its inaugural Green Bonds and sustainability-linked notes during the year. Please refer to Note C5 for further details.

Equity value as at December 31, 2021 is enhanced by the profit for the year and the favourable fuel price for the fuel oil swaps as well as appreciation of RMB, USD and GBP against SGD.

C1. Capital Structure

Capital management

The Group maintains a disciplined approach to capital management. The Group seeks to optimise the overall portfolio, maintain investor, creditor and market confidence, fund future developments and growth, while at the same time maintain an appropriate dividend policy.

The Group's policy is to borrow centrally using a mixture of long-term and short-term capital market issues and borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain Group entities.

Capital is defined as equity attributable to the equity holders.

The Group's debt-to-capitalisation ratio as at the balance sheet date was as follows:

		Group	
(S$ million)	Note	2021	2020
Debt	C5	7,391	7,728
Total equity		3,918	3,476
Total debt and equity		11,309	11,204
Debt-to-capitalisation ratio		0.65	0.69

There were no changes in the Group's approach to capital management during the year except as disclosed above.

Some of the Group entities are required to maintain a certain ratio of net borrowings to net assets and level of leverage under their respective loan arrangements with banks. These externally imposed capital requirements have been complied with as at the respective balance sheet dates.

C2. Share Capital and Treasury Shares

Accounting policies

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares and share options are deducted against the share capital account, net of any tax effects.

Repurchase, disposal and re-issue of share capital (treasury shares)

When the ordinary shares are reacquired by the Company, the consideration paid is recognised as deduction from equity, presented as reserve for own shares (Note C3). Reacquired shares are classified as treasury shares.

When the treasury shares are subsequently sold or re-issued, the cost of the treasury shares is reversed from reserve for own shares account and the realised gain or loss on the transaction is presented as a change in equity of the Company. No gain or loss is recognised in profit or loss.

	Number of shares	
	Issued Share Capital	Treasury Shares
At January 1, 2020	1,787,547,732	1,966,276
Treasury shares purchased	–	8,152,100
Treasury shares transferred pursuant to restricted share plan	–	(3,879,603)
At December 31, 2020	1,787,547,732	6,238,773
Treasury shares purchased	–	6,780,700
Treasury shares transferred pursuant to restricted share plan	–	(5,503,947)
At December 31, 2021	1,787,547,732	7,515,526

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Issued and paid up capital

As at December 31, 2021, the Company's issued and paid up capital excluding treasury shares comprised 1,780,032,206 (2020: 1,781,308,959) ordinary shares.

Treasury shares

During the year, the Company acquired 6,780,700 (2020: 8,152,100) ordinary shares in the Company by way of on-market purchases. 5,503,947 (2020: 3,879,603) treasury shares were re-issued pursuant to the Restricted Share Plan (RSP).

As at December 31, 2021, the Company held 7,515,526 (2020: 6,238,773) of its own uncancelled shares as treasury shares that may be re-issued upon the vesting of performance shares and restricted shares under the Performance Share Plan (PSP) and RSP respectively.

C3. Other Reserves

		Group		Company	
(S$ million)	Note	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Distributable					
Reserve for own shares		(15)	(11)	(15)	(11)
Non-distributable					
Foreign currency translation reserve	(a)	(401)	(475)	–	–
Capital reserve	(b)	156	160	–	–
Merger reserve	(c)	29	29	–	–
Share-based payments reserve	(d)	(5)	(10)	5	*
Fair value reserve	(e)	40	60	–	–
Hedging reserve	(f)	48	(132)	–	–
Cost of hedging reserve	(g)	–	(1)	–	–
		(148)	(380)	(10)	(11)

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C3. Other Reserves *(cont'd)*

Type of other reserve	Nature
a. Foreign currency translation reserve	Comprises: i. foreign exchange differences arising from translation of the financial statements of foreign entities, ii. effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign entities, and iii. translation of foreign currency loan used to hedge or form part of the Group's net investments in foreign entities.
b. Capital reserve	Comprises: i. acquisitions and disposals with non-controlling interests that do not result in a change of control, capitalisation of accumulated profits for the issue of bonus shares, capital reserve (net of goodwill) on consolidation and equity accounting, ii. asset revaluation reserve, capital redemption reserve, convertible loan stock reserve, iii. transfer from revenue reserve in accordance with the regulations of the foreign jurisdiction in which the Group's subsidiaries, associates and joint ventures operate, and treasury shares of a subsidiary, and iv. recognition of call options issued to non-controlling interests of subsidiaries.
c. Merger reserve	The difference between the values of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the pooling-of-interest method.
d. Share-based payments reserve	Represents the cumulative value of services received from employees recorded on grant of equity-settled share options, performance shares and performance-based restricted shares.
e. Fair value reserve	Includes the cumulative net change in the fair value of equity investments designated at FVOCI until the investments are derecognised. This does not include impairment losses recognised in profit or loss prior to January 1, 2018.
f. Hedging reserve	The effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.
g. Cost of hedging reserve	Represents the change in fair value of the forward element for the forward exchange contracts ('forward points') for funding purposes, which is accounted for in cost of hedging reserve.

C4. Dividends

Accounting policies

Dividends

Dividends on ordinary shares are recognised when they are approved for payments. Dividends on ordinary shares and redeemable preference shares classified as equity are accounted for as movements in revenue reserve.

A liability to distribute non-cash assets as dividend to its owners is measured at the fair value of the assets to be distributed. The differences between the carrying amount of the assets distributed and the carrying amount of the dividend payable is recognised in profit or loss.

Perpetual Securities

Perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution, subject to the terms and conditions of the securities issued. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issue and the perpetual securities are classified and presented as equity. Distributions are treated as dividends which are directly debited from equity. Incremental costs directly attributable to the issuance of perpetual securities are deducted against the proceeds from the issue.

Dividend Paid

	Group and Company	
(S$ million)	2021	2020
Interim one-tier tax-exempt dividend of 2 cents per share in respect of year 2021 (2020: nil per share in respect of year 2020)	36	–
Final one-tier tax-exempt dividend of 4 cents per share in respect of year 2020 (2020: 3 cents per share in respect of year 2019)	71	54
	107	54

Subject to the approval by the shareholders at the next Annual General Meeting, the directors have proposed a final ordinary one-tier tax exempt dividend of 3 cents per share (2020: one-tier tax exempt dividend of 4 cents per share). This amounts to an estimated net dividend of S$53 million (2020: S$71 million) in respect of the year ended December 31, 2021, based on the number of issued shares as at December 31, 2021.

The proposed dividend of 3 (2020: 4) cents per share has not been included as a liability in the financial statements.

Perpetual Securities Distribution

In 2020, the Company redeemed and cancelled all outstanding perpetual securities with value of S$818 million, including accrued distributions of S$17 million.

Special Distribution

On September 11, 2020, the Company demerged its Marine segment by effecting a distribution in specie of all the ordinary shares in the issued share capital of SCM (as disclosed in Note G6). The Group's carrying value and Company's cost of investment of these SCM shares at date of the Distribution, were S$2,561 million and S$2,248 million, respectively.

The Distribution was measured at fair value using the closing price of the SCM shares of S$0.182 prior to the Distribution, amounting to S$1,597 million, equivalent to approximately S$0.89 per SCI share, based on 1,786,431,697 SCI shares in issue (excluding 1,116,035 treasury shares) as at September 11, 2020.

Distribution at fair value less transaction costs of S$6 million resulted in loss on the Distribution of S$970 million recognised.

C5. Interest-bearing Borrowings

		Group	
(S$ million)	Note	December 31, 2021	December 31, 2020
Current liabilities			
Non-convertible debentures		11	11
Secured term loans	(a)	601	477
Unsecured term loans	(b)	142	105
Total		754	593
Non-current liabilities			
Non-convertible debentures		154	167
Secured term loans	(a)	2,574	3,018
Unsecured term loans	(b)	3,909	3,950
Total		6,637	7,135
Total interest-bearing borrowings (measured at amortised cost)		7,391	7,728

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C5. Interest-bearing Borrowings *(cont'd)*

Effective Interest Rates and Maturity of Liabilities

	Group Effective interest rate % 2021	2020
Floating rate loans	0.96 – 10.81	0.88 – 11.35
Fixed rate loans	0.77 – 11.48	0.77 – 11.48
Bonds and notes	2.45 – 4.25	2.94 – 4.25
Debentures	9.15 – 9.65	9.65

a. Secured Term Loans

The secured term loans are collaterised by the following assets:

(S$ million)	Note	Group Net Book Value December 31, 2021	December 31, 2020
Property, plant and equipment	D1(i)	4,487	4,724
Investment properties	D2	–	18
Mutual funds	H1	83	85
Trade and other receivables	E1	1,325	1,337
Intangible assets	D3	*	*
Inventories	E2	127	112
Cash and cash equivalents	E4	259	262
Equity shares of a subsidiary		241	244

b. Unsecured Term Loans

Included in the unsecured term loans of the Group are medium-term notes which the Company has jointly established with Sembcorp Financial Services Pte Ltd (SFS), a wholly owned subsidiary of the Company via the S$2.5 billion and S$3.0 billion Multicurrency Debt Issuance Programmes (the Programme). Under the Programme, the Company, together with SFS and certain other Group entities (the Issuing Subsidiaries), may from time-to-time issue Notes and Securities under the Programme subject to availability of funds from the market. The obligations of the Issuing Subsidiaries under the Programme are fully guaranteed by the Company.

As at December 31, 2021 and December 31, 2020, the Group has the following outstanding medium-term notes issued under the Programme:

(S$ million)	Nominal interest rate	Year of issue	Year of maturity	Principal amount December 31, 2021	December 31, 2020
S$ medium-term notes	4.25%	2010	2025	100	100
S$ medium-term notes	3.64%	2013	2024	200	200
S$ medium-term notes	2.94%	2014	2021	–	100
S$ medium-term notes	3.59%	2014	2026	150	150
S$ medium-term notes	2.45%	2021	2031	400	–
S$ medium-term notes	2.66%	2021	2032	675	–
				1,525	550

On June 9, 2021, and October 6, 2021, the Group issued S$400 million Green Bonds and S$675 million sustainability-linked notes, respectively, under the Programme. As at December 31, 2021, S$233 million Green Bonds and S$675 million sustainability-linked notes have been utilised.

As at December 31, 2021, an amount of S$419 million (2020: S$165 million) medium-term notes were held by a related corporation.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

(S$ million)	2021 Accrued interest payable (Note E3)	2021 Interest-bearing borrowings (Note C5)	2021 Lease liabilities (Note D1.1)	2021 Total	2020 Accrued interest payable (Note E3)	2020 Interest-bearing borrowings (Note C5)	2020 Lease liabilities (Note D1.1)	2020 Total
Balance at January 1	11	7,728	226	7,965	57	10,800	504	11,361
Cash flows								
Cash payments	–	(3,752)	(15)	(3,767)	–	(4,351)	(28)	(4,379)
Cash proceeds	–	3,403	–	3,403	–	5,241	–	5,241
Interest paid	(323)	–	(7)	(330)	(503)	–	(12)	(515)
Non-cash items								
Acquisition of subsidiary	–	–	–	–	–	–	6	6
Disposal of subsidiaries / disposal group held for sale	–	–	–	–	–	*	*	*
Distribution of a subsidiary	–	–	–	–	(14)	(3,794)	(297)	(4,105)
Interest expenses, including amortisation of capitalised transaction costs	327	18	9	354	471	11	21	503
New leases	–	–	43	43	–	–	41	41
Write-off of lease liabilities	–	–	*	*	–	–	(10)	(10)
Remeasurement of lease liabilities / Adjustment to upfront fees	–	–	2	2	–	(15)	1	(14)
Foreign exchange movement	*	(6)	*	(6)	*	(164)	*	(164)
	327	12	54	393	457	(3,962)	(238)	(3,743)
Balance at December 31	15	7,391	258	7,664	11	7,728	226	7,965

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C6. Net Interest Expense

Accounting policies

Finance income is recognised in profit or loss as it accrues, using the effective interest rate method. It includes interest income from non-current receivables.

Finance costs include interest expense on borrowings and lease liabilities, unwinding of discounts on provision, amortisation of capitalised transaction costs, transaction costs written off and termination of interest rate swaps. Finance costs are expensed in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset.

In calculating the interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the impaired financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to gross basis.

		Group	
(S$ million)	Note	2021	2020
Finance income			
Finance income from financial assets measured at amortised cost			
– associates and joint ventures		6	6
– bank and others		20	29
		26	35
Finance costs			
Interest paid and payable to, measured at amortised cost			
– banks and others		374	454
Amortisation of capitalised transaction costs		12	11
Unwind of discount on restoration costs	H2	1	1
Significant financing component from contracts with customers		4	3
Interest rate swaps:			
– changes in fair value through profit or loss		18	17
– ineffective portion of changes in fair value		5	4
Interest expense on amortisation of lease liability	D1.1	9	9
		423	499

C7. Contingent Liabilities

Key estimates and judgements

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, an obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Group

The Group has provided guarantees to banks to secure banking facilities provided to joint ventures and commodities traders. These financial guarantee contracts are accounted for as insurance contracts. The principal risk to which the Group and the Company is exposed is credit risk in connection with guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate this risk, management continually monitors the risk and has established processes including performing credit evaluations of the parties.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's and Company's future cash flows.

Estimates of the Group's and Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. As of the balance sheet date, there is no provision made in respect of the obligations.

As at the balance sheet date, the Group had the following contingent liabilities:

	Group	
(S$ million)	December 31, 2021	December 31, 2020
Guarantees given to banks to secure banking facilities provided to:		
– Joint ventures	27	41
– Commodities traders	54	–
– Others	*	1
Performance guarantees to external parties	260	362

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C7. Contingent Liabilities *(cont'd)*

Group *(cont'd)*

The periods in which the financial guarantees expire are as follows:

(S$ million)	Group December 31, 2021	Group December 31, 2020
Less than 1 year	78	33
Between 1 to 5 years	3	9
More than 5 years	–	*
	81	42

The Group's subsidiaries are involved in certain tax disputes, where the amount of potential exposure has been estimated to be approximately S$39 million (2020: S$38 million). Due to the nature of these tax disputes, the potential outcome and obligation is uncertain. No provisions have been recorded in this regard.

Company

a. The Company has provided guarantees to banks to secure banking facilities provided to a wholly owned subsidiary, SFS. These financial guarantee contracts are accounted for as insurance contracts.

The intra-group financial guarantees granted by the Company amounted to S$7,849 million (2020: S$7,950 million), with S$3,513 million (2020: S$3,525 million) drawn down as at the balance sheet date. The periods in which the financial guarantees expire are as follows:

(S$ million)	Company December 31, 2021	Company December 31, 2020
Less than 1 year	–	100
Between 1 to 5 years	1,847	3,175
More than 5 years	1,666	250
	3,513	3,525

b. The Company has provided corporate guarantees of S$110 million (2020: S$93 million) to a subsidiary, Sembcorp Cogen Pte Ltd (SembCogen) for the following:

i. Two long-term agreements entered in 2010 for the purchase of a total 42 BBtud (Billion British thermal units per day) of liquefied natural gas (LNG) from Shell Gas Marketing Pte Ltd (Shell) (formerly known as BG Singapore Gas Marketing Pte Ltd). With a start date on May 07, 2013 and September 01, 2015 respectively, the agreements have a term of 10 years and SembCogen has an option to extend the term by 2 successive periods of 5 years each subject to fulfilment of conditions set in the agreements. The obligations of SembCogen under the LNG purchase agreements are currently secured by corporate guarantees issued by the Company in favour of Shell.

C8. Commitments

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets such as network infrastructure and IT systems. These amounts are not recorded in the consolidated balance sheet since the Group has not yet received the goods or services from the supplier. The amounts below are the minimum amounts that the Group is committed to pay.

Commitments not provided for in the financial statements are as follows:

(S$ million)	Note	Group 2021	Group 2020
– Commitments in respect of acquisition of investments	(a)	1,020	–
– Commitments in respect of contracts placed for property, plant and equipment		152	215
– Uncalled commitments to subscribe for additional shares in joint ventures and other investments		52	52
– Commitments in respect of a civil settlement in China	(b)	45	45
		1,269	312

a. Commitments in respect of acquisition of investments:

i. In November 2021, the Group signed an agreement to acquire a 98% interest in a portfolio of operational wind and solar photovoltaic assets for RMB 3.3 billion (approximately S$700 million).

ii. In December 2021, the Group signed an equity transfer agreement for a 35% interest in SDIC New Energy Investment Co., Ltd for an equity consideration of approximately RMB 1.5 billion (approximately S$320 million). The acquisition was completed on January 28, 2022.

b. As part of the settlement relating to the discharge of off-specification wastewater by its 98.42% (2020: 95%) owned joint venture wastewater treatment company, Sembcorp Nanjing Suiwu Company Limited, the Group is committed to investments of S$45 million over four years (by December 2023) to develop projects and initiatives to support environmental protection in China. As at December 31, 2021, the Group has commenced on these investments and completed certain projects including upgrading of wastewater treatment plants in China, where the actual investment spend of completed projects is subject to audit and confirmation by the Nanjing Procuratorate and court.

Notes to the Financial Statements

D. Our Assets

In 2021, in line with the Group's strategic plan on energy transition and sustainable development, the Group has continued to invest in renewable power equipment to enhance its energy sustainability portfolio.

D1. Property, Plant and Equipment

Accounting policies

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and impairment losses. The cost initially recognised includes acquisition costs, costs directly attributable to bringing the assets to the location and working condition for their intended use and capitalised borrowing costs. Cost also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of PPE and estimated costs to be incurred for restoring the asset upon expiry of the lease agreement.

i. Subsequent Expenditure

Subsequent expenditure is recognised in the carrying amount of the asset when it is probable that future economic benefits will flow to the Group and its costs can be measured reliably. The costs of day-to-day servicing of PPE are expensed to profit or loss when incurred. For items subject to regular overhauls, the overhaul costs incurred are capitalised and the carrying amounts of replaced components are written off to profit or loss.

ii. Depreciation

Depreciation is based on the cost of an asset less its residual value (i.e. the estimated net amount to be obtained from disposal). Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each major component of an item of PPE as follows:

Leasehold land and wet berthage	Lease period of 3 to 60 years
Buildings	3 to 50 years
Improvements to premises	3 to 30 years
Quays and dry docks	6 to 60 years
Infrastructure	8 to 60 years
Plant and machinery	3 to 30 years
Marine vessels	7 to 31 years
Tools and workshop equipment	3 to 10 years
Furniture, fittings and office equipment	1 to 10 years
Motor vehicles	2 to 10 years

No depreciation is provided on freehold land and capital work-in-progress.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

iii. Impairment

At the end of each reporting period, assessment is performed to identify whether there is any indication that an asset may be impaired. Impairment occurs when the carrying value of assets or its smallest identifiable, independent asset group that generates cash flows (cash-generating unit (CGU)) is greater than their recoverable amount. The recoverable amount is the higher of the assets' fair value less cost to sell and their value-in-use (VIU) (i.e. present value of the net cash flows they are expected to generate). The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

iv. Reversals of impairment

Impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for an asset is recognised in profit or loss.

v. Disposals

Gains or losses arising from the retirement or disposal of PPE are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

Key estimates and judgements

Judgments are used in estimating the recoverable amount of an asset, i.e. in determining an asset's fair value and in assessing its VIU (the future cash flows expected to be generated by the asset and the pre-tax discount rate in bringing them to present value). In making these estimates, the Group considers the market value of the asset, changes to the technological, market, economic or legal environment in which the Group operates, market interest rates, evidence of obsolescence or physical damage to the PPE and changes to the expected usage of the asset.

The Group also applies judgement in determining an asset's depreciation methods, estimated useful lives and residual values. These are reviewed annually, taking into consideration factors such as changes in the expected level of usage and technological developments, and adjusted prospectively where appropriate.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1. Property, Plant and Equipment *(cont'd)*

(S$ million)	Note	Leasehold and freehold land, wet berthage and buildings	Improvements to premises	Quays and dry docks	Infrastructure	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Capital work-in-progress	Right-of-use assets (Note D1.1)	Total
Group											
Cost / Valuation											
Balance at January 1, 2021		388	75	12	56	9,420	63	65	158	312	10,549
Translation adjustments		4	4	–	(1)	(26)	*	*	*	2	(17)
Additions		2	2	*	–	139	7	23	136	49	358
Reclassification		5	6	–	*	113	1	7	(132)	*	–
Acquisition of subsidiaries	(iii)	–	–	–	–	1	–	–	–	–	1
Transfer from investment properties	D2	4	–	–	–	–	*	–	–	–	4
Transfer to intangible assets		–	–	–	–	–	–	–	(1)	–	(1)
Transfer to other financial assets		–	–	–	–	–	*	–	–	–	*
Remeasurement adjustments for right-of-use assets		–	–	–	–	–	–	–	–	3	3
Disposals / Write-offs		(2)	(2)	*	–	(63)	(1)	(7)	(2)	(7)	(84)
Balance at December 31, 2021		401	85	12	55	9,584	70	88	159	359	10,813
Accumulated Depreciation and Impairment Losses											
Balance at January 1, 2021		100	21	9	24	3,022	46	35	6	82	3,345
Translation adjustments		1	1	–	*	4	*	*	*	*	6
Depreciation for the year	B4(a)	9	3	*	4	381	6	10	–	19	432
Reclassification		(1)	*	–	–	1	*	–	–	–	–
Transfer from investment properties	D2	3	–	–	–	–	–	–	–	–	3
Disposals / Write-offs		(1)	(1)	*	–	(55)	(1)	(6)	–	(6)	(70)
Impairment losses	B4(a)	*	*	–	–	1	*	2	–	*	3
Balance at December 31, 2021		111	24	9	28	3,354	51	41	6	95	3,719
Carrying Amounts											
At January 1, 2021		288	54	3	32	6,398	17	30	152	230	7,204
At December 31, 2021		290	61	3	27	6,230	19	47	153	264	7,094

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1. Property, Plant and Equipment *(cont'd)*

(S$ million)	Note	Leasehold and freehold land, wet berthage and buildings	Improvements to premises	Quays and dry docks	Infrastructure	Plant and machinery	Marine vessels	Tools and workshop equipment	Furniture, fittings and office equipment	Motor vehicles	Capital work-in-progress	Right-of-use assets (Note D1.1)	Total
Group													
Cost / Valuation													
Balance at January 1, 2020		1,921	100	1,572	94	10,856	327	74	205	83	1,315	625	17,172
Translation adjustments		4	2	6	(6)	(280)	3	*	(1)	*	1	(1)	(272)
Additions		2	4	–	2	73	–	*	9	6	206	42	344
Reclassification		*	3	6	7	494	(21)	1	1	2	(505)	12	–
Acquisition of subsidiaries		1	*	–	–	2	–	–	*	4	4	15	26
Transfer to investment properties	D2	–	*	–	–	–	–	–	*	–	(1)	–	(1)
Transfer from other category of assets	(v)	–	–	–	–	16	–	–	–	*	*	–	16
Remeasurement adjustments for right-of-use assets		–	–	–	–	–	–	–	–	–	–	1	1
Reversal of accrued capital expenditure	(vii)	–	–	–	–	–	–	–	–	–	(69)	–	(69)
Disposals / Write-offs		(1)	*	–	–	(23)	(1)	*	(2)	(2)	(7)	(30)	(66)
Disposal of subsidiaries		*	–	–	–	*	–	–	*	*	–	–	*
Distribution of a subsidiary		(1,539)	(34)	(1,572)	(41)	(1,718)	(308)	(75)	(149)	(28)	(786)	(352)	(6,602)
Balance at December 31, 2020		388	75	12	56	9,420	–	–	63	65	158	312	10,549
Accumulated Depreciation and Impairment Losses													
Balance at January 1, 2020		590	54	385	30	3,374	86	65	167	51	6	161	4,969
Translation adjustments		2	(1)	*	(1)	(38)	*	(2)	*	(1)	*	(1)	(42)
Depreciation for the year													
– Continuing operations	B4(a)	9	2	*	4	370	–	–	6	7	–	15	413
– Discontinued operation		23	*	19	3	39	7	3	6	1	–	15	116
Reclassification		–	–	–	–	*	*	–	–	–	–	–	–
Transfer to investment properties	D2	–	*	–	–	–	–	–	*	–	–	–	*
Disposals / Write-offs		*	*	–	–	(16)	(1)	*	(2)	(1)	*	(20)	(40)
Disposal of subsidiaries		*	–	–	–	*	–	–	*	*	–	–	*
Impairment losses	(vi), B4(a)	1	*	–	–	63	–	–	*	–	–	–	64
Distribution of a subsidiary		(525)	(34)	(395)	(12)	(770)	(92)	(66)	(131)	(22)	–	(88)	(2,135)
Balance at December 31, 2020		100	21	9	24	3,022	–	–	46	35	6	82	3,345
Carrying Amounts													
At January 1, 2020		1,331	46	1,187	64	7,482	241	9	38	32	1,309	464	12,203
At December 31, 2020		288	54	3	32	6,398	–	–	17	30	152	230	7,204

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1. Property, Plant and Equipment *(cont'd)*

Group

i. Property, plant and equipment with the following net book values have been pledged to secure loan facilities granted to subsidiaries:

(S$ million)	Note	Group December 31, 2021	Group December 31, 2020
Freehold land and buildings		160	160
Leasehold land and buildings including right-of-use assets		44	43
Plant and machinery		4,241	4,465
Capital work-in-progress		8	19
Other assets		34	37
	C5(a)	4,487	4,724

ii. During the year, interest and direct staff costs amounting to S$2 million (2020: S$23 million) and S$2 million (2020: S$3 million), respectively were capitalised as capital work-in-progress. Included in these amounts are capitalised interest costs calculated using a capitalisation rate from 4.04% to 4.99% (2020: 4.28% to 6.50%).

iii. Property, plant and equipment arising from the acquisition of subsidiaries was at fair value at the acquisition date.

iv. In 2021, property, plant and equipment included additional provision for restoration costs amounting to S$16 million (2020: S$5 million) (Note H2).

v. In 2020, additions to plant and machinery include a S$16 million settlement with a vendor in the form of strategic spares.

vi. In 2020, following the decision of a major customer to exit its Singapore operations, an impairment of S$21 million was recognised to reduce the carrying value of a wastewater treatment plant and a woodchip boiler facility to its net realisable value. An impairment of S$8 million was also made to a wastewater treatment plant in China due to the contract termination with a customer who has stopped production. There were also impairment triggers for UK Power Reserve (UKPR) which resulted in S$34 million charged (Note B4(i)). These impairment charges were recognised in cost of sales.

vii. The amount represents a reduction in capital work-in-progress due to reversal of accrued expenditure on completion of projects.

viii. A subsidiary in India has entered into an agreement to convert an existing leasehold land upon which its property, plant and equipment reside, to freehold land. The subsidiary has fully paid for the conversion of the leasehold land based on the freehold rate. As at December 31, 2021, the land has not been transferred to the subsidiary. Pursuant to the current lease agreement, it is provided that in the event that the land is not transferred, the lessor is obliged to renew the lease for a further period on mutually agreed terms and conditions. No impairment or provision for restoration cost has been recorded as at December 31, 2021. As the alienation of this leasehold land is in progress and the subsidiary management has assessed that delay in the above transfer was of administrative in nature and the transfer will happen in due course of time. During 2021, this leasehold land is reported together with other rented land under right-of-use assets.

Change in estimates

In 2021, the Group revised its estimates for the useful lives of certain assets within plant and machinery from 25 to 30 years in line with the term of the Engineering, Procurement and Construction (EPC) contracts, taking into consideration that the assets have been operating within design limits and are in good condition due to regular maintenance, as observed by an external consultant during a technical study conducted. The effect of these changes on depreciation expense in current and future periods on assets currently held is as follows:

(S$ million)	2021	2022	2023	2024	2025	Later
Group						
(Decrease) / Increase in depreciation expense and increase / (decrease) in profit before tax	(6)	(25)	(25)	(25)	(25)	106

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1. Property, Plant and Equipment *(cont'd)*

(S$ million)	Leasehold and freehold land, wet berthage and buildings	Improvements to premises	Quays and dry docks	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Capital work-in-progress	Right-of-use assets (Note D1.1)	Total
Company									
Cost									
Balance at January 1, 2021	20	7	8	730	20	3	7	142	937
Additions	*	*	*	23	2	*	9	3	37
Remeasurement adjustments for right-of-use assets	–	–	–	–	–	–	–	*	*
Reclassification	–	–	–	1	–	–	(1)	–	–
Disposals / Write-offs	*	*	*	(19)	*	*	–	*	(19)
Balance at December 31, 2021	20	7	8	735	22	3	15	145	955
Accumulated Depreciation and Impairment Losses									
Balance at January 1, 2021	13	7	4	466	17	1	–	46	554
Depreciation for the year	1	*	*	44	2	*	–	5	52
Disposals / Write-offs	*	*	*	(17)	*	*	–	*	(17)
Impairment losses	*	*	–	*	*	1	–	*	1
Balance at December 31, 2021	14	7	4	493	19	2	–	51	590
Carrying Amounts									
At January 1, 2021	7	–	4	264	3	2	7	96	383
At December 31, 2021	6	–	4	242	3	1	15	94	365
Company									
Cost									
Balance at January 1, 2020	20	7	8	723	19	3	1	144	925
Additions	*	*	–	10	1	*	6	*	17
Reclassification	–	–	–	*	–	–	*	–	–
Transfer from / (to) other category of assets	–	–	–	–	–	–	*	–	*
Disposals / Write-offs	–	*	–	(3)	*	–	–	(2)	(5)
Balance at December 31, 2020	20	7	8	730	20	3	7	142	937
Accumulated Depreciation and Impairment Losses									
Balance at January 1, 2020	12	7	4	432	16	1	–	44	516
Depreciation for the year	1	*	*	32	1	*	–	4	38
Disposals / Write-offs	–	*	–	(3)	*	–	–	(2)	(5)
Impairment losses	–	–	–	5	–	–	–	–	5
Balance at December 31, 2020	13	7	4	466	17	1	–	46	554
Carrying Amounts									
At January 1, 2020	8	–	4	291	3	2	1	100	409
At December 31, 2020	7	–	4	264	3	2	7	96	383

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1.1 Right-of-use Assets and Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, please refer to Note D2 Investment Properties and Note B2 under Rental Income.

Accounting policies

The Group determines whether an arrangement is or contains a lease at inception. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Leases are recognised as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the Group.

Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. These right-of-use assets are subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The policy on impairment and reversal of impairment is consistent with property, plant and equipment as disclosed in Note D1.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially used at the commencement date
- the extension option if the Group is reasonably certain to exercise that option
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- amounts expected to be payable by the Group under residual value guarantees, and
- payments of penalties for terminating the lease, if the leases term reflects the Group exercising that option

These lease payments are discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the lessee's incremental borrowing rate. The resulting finance cost is charged to profit or loss over the lease period.

Lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments, with a corresponding adjustment to the right-of-use asset or in profit or loss if the carrying amount of the asset has been reduced to zero.

Payment associated with short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Adoption of the amendment to SFRS(I) 16 COVID-19-related rent concession:
Rent concessions linked to COVID-19 pandemic are not assessed and accounted for as lease modifications but are taken to profit or loss.

Key estimates and judgements

The Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. If the Group should exercise the extension option, the potential future lease payments would result in an increase in lease liability.

a. Amounts recognised in the balance sheets

(S$ million)	Group December 31, 2021	Group December 31, 2020
Right-of-use assets		
Leasehold land and buildings	247	226
Plant and machinery	6	*
Motor vehicles	11	3
Furniture, fittings and office equipment	*	1
Total	264	230
Lease liabilities		
Current	14	11
Non-current	244	215
Total	258	226
Maturity analysis		
Within 1 year	14	11
After 1 year but within 5 years	56	36
After 5 years	188	179
Total	258	226

In 2021, cost of S$nil (2020: S$15 million) was transferred from property, plant and equipment and remaining additions to the right-of-use assets were S$49 million (2020: S$42 million).

(S$ million)	Company December 31, 2021	Company December 31, 2020
Right-of-use assets		
Leasehold land and buildings	67	66
Plant and machinery	27	30
Total	94	96
Lease liabilities		
Current	5	4
Non-current	110	112
Total	115	116
Maturity analysis		
Within 1 year	5	4
After 1 year but within 5 years	18	17
After 5 years	92	95
Total	115	116

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1.1 Right-of-use Assets and Leases *(cont'd)*

b. Amounts recognised in profit or loss

(S$ million)	Group 2021	Group 2020
Depreciation charge of right-of-use assets:		
– Leasehold land and buildings	16	12
– Plant and machinery	1	1
– Motor vehicles	2	1
– Furniture, fittings and office equipment	*	1
Total	19	15
Interest expense on lease liabilities (included in finance cost)	9	9
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	*	3
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in cost of goods sold and administrative expenses)	6	4
Expense relating to variable lease payments not included in lease liabilities (included in cost of goods sold and administrative expenses)	*	*

The total cash outflow for leases in 2021 of S$22 million (2020: S$40 million) has been reduced by less than S$1 million (2020: S$1 million) of rent concessions linked to COVID-19 received from lessors and taken to profit or loss.

D2. Investment Properties

The Group holds certain properties for rental yields and for capital appreciation.

Accounting policies

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives ranging from 20 to 60 years or the lease period of 15 to 16 years. The assets' depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate. No depreciation is provided on freehold land.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions when it increases the future economic benefits, embodied in the specific asset to which it relates, and its costs can be measured reliably. The carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is recognised as an expense when incurred.

The policy on impairment and reversal of impairment is consistent with property, plant and equipment as disclosed in Note D1.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

		Group		
(S$ million)	Note	Investment properties	Investment properties work-in-progress	Total
Cost				
Balance at January 1, 2021		158	3	161
Translation adjustments		6	*	6
Additions		*	2	2
Reclassification		*	*	–
Transfer to property, plant and equipment	D1	(4)	–	(4)
Transfer to inventories		(1)	–	(1)
Disposals / Write-offs		*	–	*
Balance at December 31, 2021		159	5	164
Accumulated Depreciation				
Balance at January 1, 2021		26	–	26
Translation adjustments		*	–	*
Depreciation for the year	B4(a)	3	–	3
Transfer to property, plant and equipment	D1	(3)	–	(3)
Disposals / Write-offs		*	–	*
Balance at December 31, 2021		26	–	26
Carrying Amounts				
At January 1, 2021		132	3	135
At December 31, 2021		133	5	138

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D2. Investment Properties *(cont'd)*

(S$ million)	Note	Group: Investment properties	Group: Investment properties work-in-progress	Group: Total
Cost				
Balance at January 1, 2020		146	3	149
Translation adjustments		4	*	4
Additions		1	6	7
Reclassification		6	(6)	–
Transfer from property, plant and equipment	D1	1	–	1
Transfer to inventories		*	–	*
Disposals / Write-offs		*	–	*
Balance at December 31, 2020		158	3	161
Accumulated Depreciation				
Balance at January 1, 2020		21	–	21
Translation adjustments		1	–	1
Depreciation for the year	B4(a)	4	–	4
Transfer from property, plant and equipment	D1	*	–	*
Disposals / Write-offs		*	–	*
Balance at December 31, 2020		26	–	26
Carrying Amounts				
At January 1, 2020		125	3	128
At December 31, 2020		132	3	135

Amounts recognised in profit or loss for investment properties

(S$ million)	Group 2021	Group 2020
Rental income	10	7
Operating expenses arising from rental of investment properties	7	5

The fair value of the investment properties as at the balance sheet date is S$186 million (2020: S$191 million). The fair values are mostly determined by independent professional valuers using a combination of investment income method and direct or market comparison techniques, including adjustments to reflect the specific use of the investment properties. Such valuation is derived from observable market data from an active and transparent market. In the absence of current prices in an active market, the fair values are determined by considering the aggregate of the estimated cash flow expected to be received from renting out the properties or Directors' valuation. A yield that reflects the specific risks inherent in the cash flows is then applied to the net annual cash flows to obtain the fair values.

Investment properties of S$nil (2020: S$18 million) have been pledged to secure loan facilities.

The Group leases out its investment properties. The lease agreement provides for additional lease payments annually based on changes to a price index. Non-cancellable operating lease rentals receivable are as follows:

(S$ million)	Group 2021	Group 2020
Lease receivable:		
Within 1 year	10	6
1 to 2 years	9	6
2 to 3 years	6	5
3 to 4 years	3	5
4 to 5 years	2	3
More than 5 years	7	14
	37	39

D3. Intangible Assets

The balance sheet contains significant intangible assets, mainly in relation to goodwill, intellectual property rights and long-term contracts.

Accounting policies

a. Goodwill

Goodwill is measured at cost less accumulated impairment losses. The goodwill cost represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net amount recognised (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a negative goodwill is recognised immediately in profit or loss.

Goodwill is not amortised but is tested for impairment on an annual basis. An impairment loss on goodwill is recognised as an expense in profit or loss and is not reversed in a subsequent period.

Goodwill that has previously been taken to reserves is not taken to profit or loss when (i) the business is disposed of or discontinued or (ii) the goodwill is impaired. Similarly, negative goodwill that has previously been taken to reserves is not taken to profit or loss when the business is disposed of or discontinued.

b. Service Concession Arrangements

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. This intangible asset is measured at fair value upon initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period when the Group has a right to charge the public for the usage of the infrastructure to the end of the concession period.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 25 to 30 years.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

Accounting policies *(cont'd)*

c. Long-term Contracts

Long-term revenue and supplier contracts are fair valued using cash flow projections over the contractual period of 1 to 30 years. Amortisation is recognised in profit or loss on a straight-line basis over the contractual period.

d. Other Intangible Assets

Included in other intangible assets are water rights which are perpetual in nature. Water rights are measured at cost less accumulated impairment.

Other intangible assets with a finite life are measured at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally generated goodwill is recognised in profit or loss as an expense as incurred. Other intangible assets are amortised on a straight-line basis from the date the asset is available for use and over its estimated useful lives ranging from 3 to 30 years.

Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and its costs can be measured reliably. All other expenditures are expensed as incurred.

Impairment (except for Goodwill, separately disclosed in (a))

Intangible assets that have indefinite useful lives or that are not yet available for use are tested for impairment annually. For intangible assets with finite useful lives, the policy on impairment is consistent with property, plant and equipment as disclosed in Note D1.

Reversal of Impairment (except for Goodwill, separately disclosed in (a))

The policy on reversal of impairment is consistent with property, plant and equipment as disclosed in Note D1.

Key estimates and judgements

The determination of the recoverable amounts of goodwill and other intangible assets involves a high degree of judgement and is subject to significant estimation uncertainties, principally, the discount rates, gross margin forecasts and plant load factors. The gross margin forecasts and plant load factors take into account expected customer demand and forecasted tariff rates. These are inherently subject to estimation uncertainties as well as political and regulatory developments.

		Group				
(S$ million)	Note	Goodwill	Service concession arrangements	Long-term contracts	Others	Total
Cost						
Balance at January 1, 2021		277	54	236	74	641
Translation adjustments		1	4	*	*	5
Additions	(i)	–	1	–	84	85
Acquisition of subsidiary		*	–	–	–	*
Disposal	(i)	–	*	–	(22)	(22)
Transfer from other category of asset		–	–	–	1	1
Write-off	B4(a)	–	(1)	(1)	–	(2)
Balance at December 31, 2021		278	58	235	137	708
Accumulated Amortisation and Impairment Losses						
Balance at January 1, 2021		118	21	122	32	293
Translation adjustments		1	4	*	*	5
Amortisation charge for the year	B4(a)	–	3	11	8	22
Disposal		–	*	–	–	*
Impairment losses	B4(a), B4(c), (ii)	–	–	–	*	*
Write-off	B4(a)	–	*	(1)	(1)	(2)
Balance at December 31, 2021		119	28	132	39	318
Carrying Amounts						
At January 1, 2021		159	33	114	42	348
At December 31, 2021		159	30	103	98	390

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

(S$ million)	Note	Group Goodwill	Service concession arrangements	Long-term contracts	Intellectual property rights	Design under development	Others	Total
Cost								
Balance at January 1, 2020		299	63	232	299	50	42	985
Translation adjustments		(4)	3	(6)	–	–	*	(7)
Additions		–	1	–	–	–	58	59
Acquisition of subsidiaries		–	–	10	–	–	*	10
Disposal of subsidiary		–	(12)	–	–	–	–	(12)
Disposal		–	*	–	–	–	(23)	(23)
Transfer from other category of asset		–	*	–	–	–	*	*
Write-off	B4(a)	–	(1)	–	–	–	*	(1)
Distribution of a subsidiary		(18)	–	–	(299)	(50)	(3)	(370)
Balance at December 31, 2020		277	54	236	–	–	74	641
Accumulated Amortisation and Impairment Losses								
Balance at January 1, 2020		90	23	100	114	–	28	355
Translation adjustments		1	1	(1)	*	–	*	1
Amortisation charge for the year								
– Continuing operations	B4(a)	–	4	17	–	–	6	27
– Discontinued operation		–	–	–	19	–	–	19
Disposal of subsidiary		–	(6)	–	–	–	–	(6)
Disposal		–	*	–	–	–	–	*
Impairment losses	B4(a), B4(c), (ii)	27	–	6	–	–	–	33
Distribution of a subsidiary		–	–	–	(133)	–	(2)	(135)
Write-off	B4(a)	–	(1)	–	–	–	*	(1)
Balance at December 31, 2020		118	21	122	–	–	32	293
Carrying Amounts								
At January 1, 2020		209	40	132	185	50	14	630
At December 31, 2020		159	33	114	–	–	42	348

i. The additions during the year mainly related to the increase in carbon allowances and the disposal was for the settling of the Group's carbon obligation.

ii. In 2021, the Group recognised impairment loss on goodwill of S$nil (2020: S$27 million) in non-operating expenses and long-term contracts of S$nil (2020: S$6 million) in cost of sales.

iii. Intangible assets of less than S$1 million (2020: less than S$1 million) have been pledged to secure loan facilities.

iv. The amortisation of intangible assets is analysed as follows:

(S$ million)	Group 2021	2020
Cost of sales	15	21
Administrative expenses	7	6
Total	22	27

a. Goodwill

Impairment Testing

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

(S$ million)	Group December 31, 2021	December 31, 2020
Cash-generating Unit (CGU)		
SUT Division	19	19
Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd[1]	43	42
SEIL (Project I) (formerly known as Sembcorp Energy India Ltd)	23	23
SEIL (Project II) (formerly known as Sembcorp Gayatri Power Limited)	38	39
Sembcorp Green Infra Limited and its subsidiaries	36	36
Multiple units with insignificant goodwill	*	*
	159	159

[1] As Sembcorp Gas Pte Ltd became wholly owned in November 2019, there is a change in CGU for Sembcorp Gas Pte Ltd to include Sembcorp Fuels (Singapore) Pte Ltd, whose principal activity is also arranging for purchase and sale of natural gas. These two entities are considered a single CGU as both have same customer bases for natural gas, pricing is set by the same management team and cash inflows are not generated largely independently.

The recoverable amounts for SUT Division, Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd, SEIL (Project I), SEIL (Project II), Sembcorp Green Infra Limited and its subsidiaries and UKPR were determined using value-in-use calculations. Cash flow projections used in the value-in-use calculations were prepared based on management's past experience in operating the business and forward market outlook over the long-term nature of the utilities and power business. Pre-tax discount rates between 3.9% and 10.4% (2020: 4.5% and 10.3%) had been used.

At the balance sheet date, based on the key assumptions below, the recoverable amounts of the respective CGUs exceeded their carrying amounts.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

a. Goodwill *(cont'd)*

Impairment Testing *(cont'd)*

Key assumptions on recoverable amounts of respective CGUs

	SUT Division	Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd	SEIL (Project I)	SEIL (Project II)	Sembcorp Green Infra Limited and its subsidiaries
Cash flow projections period	Remaining useful life of plants assumed 19 years (2020: 20 years)	Remaining contractual period of existing contracts	Remaining useful life of plants assumed 24 years (2020: 20 years)	Remaining useful life of plants assumed 25 years (2020: 21 years)	Remaining useful life of plants assumed 29 years (2020: 30 years)
Revenue and margins	Based on contracts secured along with likely renewals and forecasted demand for industrial utilities and services; as well as forecasted margins	Based on estimated sales and purchases of gas quantities derived from the contractual period of existing contracts	Based on combination of long-term and short-term contracts secured at contracted tariffs as well as electricity spot prices. Contract renewals are assumed based on estimated demand and supply as well as margin	Primarily based on the forecasted combination of long-term and short-term contracts and electricity spot prices with reference to estimated demand and supply of electricity as well as margin Probabilities of securing the contracts based on the latest estimates have been assigned to each contract and using these probabilities to discount the corresponding cash flow projections from the contracts	Based on long-term contracts secured at contracted tariffs. New contracts and contract renewals are assumed based on estimated demand and supply as well as margin
Expected capital expenditure	In accordance with plant maintenance programme	In accordance with plant maintenance programme and pipeline servicing	In accordance with plant maintenance programme	In accordance with plant maintenance programme	In accordance with plant maintenance programme
Terminal value	Nil (2020: Nil)	Nil (2020: Nil)	5% of cost (2020: Nil)	5% of cost (2020: Nil)	Nil (2020: Nil)
Inflation rate assumptions used to project overheads and other general expenses	0.9% – 1.5% (2020: 0.9%)	0.9% – 1.5% (2020: 0.9%)	3% (2020: 3.5%)	3% (2020: 3.5%)	3.5% (2020: 3.5%)
Others	NA	Forward USD / SGD exchange rate and High Sulphur Fuel Oil (HSFO) prices with reference to forward quotes were assumed in the forecast performance	Cash flows are estimated based on the premise that the conversion of the leasehold land, which the subsidiary has already paid in full, will be converted to freehold (Note D1(viii)).	NA	NA

Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts to exceed the recoverable amounts.

b. Service Concession Arrangements

In 2021, the subsidiaries in Fuzhou and Yanjiao in China have service concession agreements with the local municipalities to supply drinking water to the local communities. In 2020, the subsidiaries in Chile and Panama, which have service concession agreements have been divested.

Under these arrangements, the charges for use of these assets are adjusted regularly in accordance to the agreed cost reference and escalation formula in the concession agreement and approved by the respective local authorities.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

c. Long-term Contracts

India

The subsidiaries in India have long-term power purchase agreements (PPAs) with the local Electricity Board and commercial customers.

The significant terms of the above PPAs are as follows:

- A subsidiary in India has a long-term contract to provide 500 megawatts of power to the Andhra Pradesh Power distribution companies for a period of 25 years.
- The subsidiaries in the renewables sector in India have long-term contracts with India's State Electricity Boards in Gujarat, Karnataka, Maharashtra, Rajasthan and Tamil Nadu, with tenures ranging from 10 to 30 years. These subsidiaries also sell electricity to commercial customers with tenures ranging from 10 to 25 years.

United Kingdom (UK)

The subsidiaries in the UK have contracted with the National Grid of the UK to generate electricity through a portfolio of diesel and gas generators in multiple sites across the UK and supplier contracts with tenures ranging from 1 to 15 years. The majority of these contracts provide fixed rate cash flows relating to plant availability (Capacity Market contracts).

In 2020, the Group has recognised an impairment of S$6 million. See Note B4(i) for key assumptions used.

d. Other Intangible Assets

Other intangible assets comprise water rights, carbon allowances, software, development rights and golf club membership.

(S$ million)	Company		
	Goodwill	Others	Total
Cost			
Balance at January 1, 2021	19	26	45
Additions	–	2	2
Disposals / Write-offs	–	(1)	(1)
Balance at December 31, 2021	19	27	46
Accumulated Amortisation			
Balance at January 1, 2021	–	19	19
Amortisation charge for the year	–	2	2
Disposals / Write-offs	–	*	*
Balance at December 31, 2021	–	21	21
Carrying Amounts			
At January 1, 2021	19	7	26
At December 31, 2021	19	6	25

(S$ million)	Company		
	Goodwill	Others	Total
Cost			
Balance at January 1, 2020	19	23	42
Additions	–	3	3
Disposals	–	*	*
Transfer from / (to) other category of assets	–	*	*
Balance at December 31, 2020	19	26	45
Accumulated Amortisation			
Balance at January 1, 2020	–	16	16
Amortisation charge for the year	–	3	3
Disposals	–	*	*
Balance at December 31, 2020	–	19	19
Carrying Amounts			
At January 1, 2020	19	7	26
At December 31, 2020	19	7	26

The Company's goodwill relates to goodwill of SUT on the acquisition of the SUT Division in 2008.

Notes to the Financial Statements

E. Our Working Capital

E1. Trade and Other Receivables

Trade and other receivables mainly consist of amounts owed to the Group by customers and amounts paid to the Group's suppliers in advance.

Accounting policies

Trade and other receivables are initially recognised at the amount of consideration receivable that is unconditional, unless they contain significant financing components, whereby they will be recognised at fair value.

Subsequently, trade and other receivables are measured at amortised cost only if (i) the asset is held within a business model whose objective is to collect the contractual cash flows and (ii) the contractual term give rise to cash flows that are solely payments of principal and interest. The carrying value of trade and other receivables is reduced by appropriate allowances for estimated irrecoverable amounts. The estimated irrecoverable amounts and calculation of loss allowances are based on the policies set out in Note F4. Interest income, foreign exchange gains or losses, impairment losses and gains or losses on derecognition relating to these receivables are recognised in profit or loss.

In the service concession arrangements, the Group recognises a financial asset arising from its construction services when it has an unconditional contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

		December 31, 2021			December 31, 2020		
(S$ million)	Note	Non-current	Current	Total	Non-current	Current	Total
Group							
Trade receivables		*	1,000	1,000	*	871	871
Service concession receivables	(i)	912	44	956	934	40	974
Amounts due from related parties	G5	1	44	45	1	59	60
Staff loans		–	*	*	–	*	*
Deposits	(ii)	6	106	112	5	28	33
Sundry receivables	(iii)	–	108	108	–	81	81
Unbilled receivables	(iv)	–	542	542	–	395	395
Loan receivables		–	12	12	–	9	9
Recoverables		*	22	22	*	8	8
Interest receivables		–	3	3	–	6	6
Grant receivables		–	4	4	–	8	8
		919	1,885	2,804	940	1,505	2,445
Loss allowance	F4	(12)	(65)	(77)	(12)	(45)	(57)
Financial assets at amortised cost	F4, (v)	907	1,820	2,727	928	1,460	2,388
Prepayments	(vi)	38	52	90	46	45	91
Employee defined benefit asset		22	2	24	*	2	2
Advances to suppliers		–	104	104	–	61	61
Tax recoverable		15	4	19	21	3	24
Share application money paid	(vii)	–	4	4	–	–	–
		982	1,986	2,968	995	1,571	2,566

i. Through its subsidiaries, the Group has service concession agreements with the local governments and governing agencies. The agreements in Singapore are for supply of treated water while the agreements in Myanmar and Bangladesh are for supply of electricity. The power plants in Myanmar and Bangladesh have commenced commercial operations in phases from October 2018 and in 2019.

   The guaranteed sum receivables from the grantors for the construction of the underlying assets are discounted at interest rates ranging from 3.6% to 8.5% (2020: 3.6% to 8.5%).

ii. Deposits include cash collateral placed on deposits in margin accounts.

iii. Sundry receivables represent mainly GST receivables and miscellaneous receivables.

iv. Unbilled receivables represent revenue accrued for sale of utilities commodities and services.

v. Trade and other receivables of S$1,325 million (2020: S$1,337 million) have been pledged to secure loan facilities. Included in the pledged amount is S$397 million (2020: S$404 million) that relates to the underlying assets of the service concession arrangements.

vi. Prepayments are charged to profit or loss on a straight-line basis over the prepaid period. They relate primarily to:

   - Connection fees prepaid under the Generation Connection and Use of System Agreement for the use of the transmission lines to a related corporation amounted to S$20 million (2020: S$22 million);
   - Service fees prepaid under the Gasoil Supply and Storage Agreement for the usage of the tank; and
   - Capacity charges prepaid for the use of gas delivery pipelines, prepaid insurance premium, transport tariff recoverable and maintenance of plant.

vii. The Group has paid S$4 million towards share application money pending allotment to a joint venture.

		December 31, 2021			December 31, 2020		
(S$ million)	Note	Non-current	Current	Total	Non-current	Current	Total
Company							
Trade receivables		–	20	20	–	15	15
Amounts due from related parties	G5	–	35	35	–	15	15
Deposits		–	2	2	–	2	2
Unbilled receivables	(i)	–	49	49	–	48	48
Grant Receivables		–	4	4	–	4	4
		–	110	110	–	84	84
Loss allowance	F4	–	(1)	(1)	–	*	*
Financial assets at amortised cost	F4	–	109	109	–	84	84
Prepayments	(ii)	3	5	8	3	6	9
Advance to suppliers		–	1	1	–	1	1
		3	115	118	3	91	94

i. Included in the Company's unbilled receivables are amounts of S$25 million (2020: S$28 million) due from related companies.

ii. Connection and capacity charges prepaid for the use of pipelines and pipe racks.

Notes to the Financial Statements

E. Our Working Capital *(cont'd)*

E2. Inventories

Accounting policies

a. Inventories

Finished goods, consumable materials and spares are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

b. Development Properties

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related expenditure and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Key estimates and judgements

The Group applies critical accounting judgements in classifying development properties. In assessing the classification of development properties, management considers its intention with regards to the use of the properties (i.e. held with the intention of development and sale in the ordinary course of business or for rental and capital appreciation). Where there is a change in intended use, a change in classification may be required.

	Group		Company	
(S$ million)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Raw materials and consumables	221	192	2	*
Finished goods	27	29	7	7
	248	221	9	7
Allowance for inventory obsolescence	(27)	(25)	(2)	(3)
	221	196	7	4
Properties under development	1	*	–	–
	222	196	7	4

S$127 million (2020: S$112 million) of the Group's inventories have been pledged to secure loan facilities.

Amounts recognised in profit or loss

		Group	
(S$ million)	Note	2021	2020
– Inventories recognised as an expense in cost of sales		931	826
– Inventories written down and allowance for stock obsolescence	(i)	2	45
– Inventories written off	(ii)	–	53

i. In 2020, due to the significant decline in fuel prices, the value of Sembcorp's inventory of gasoil for fulfilling certain regulatory, was written down by S$45 million to its net realisation value.

ii. In 2020, a subsidiary in Singapore has commenced legal proceedings to assert its ownership of the gasoil stored and managed by third party, the net carrying value of S$53 million was fully written-off after taking into account the financial positions of the third party reported by the interim judicial manager.

E3. Trade and Other Payables

Trade and other payables mainly consist of amounts the Group owes to its suppliers that have been invoiced or are accrued. They also include taxes and social security amounts due in relation to the Group's role as an employer.

Accounting policies

Trade and other payables (excluding advance payments from customers, deferred grants, deferred income and retirement benefit obligations) are classified as financial liabilities measured at amortised cost using the effective interest method. Trade payables are not interest-bearing and are stated at their nominal value.

		Group		Company	
(S$ million)	Note	December 31, 2021	December 31, 2020	December 31, 2021	December31, 2020
Current liabilities					
Trade payables		268	325	7	4
Advance payments from customers		23	31	*	*
Amounts due to related parties	G5	4	10	2	4
Accrued capital and operating expenditure	(i)	924	583	141	84
Deposits		33	35	*	*
Accrued interest payable		15	11	–	–
Other creditors	(ii)	441	160	5	5
Deferred grants	(iii)	–	4	–	2
		1,708	1,159	155	99
Non-current liabilities					
Deferred grants	(iii)	3	4	*	*
Amounts due to related parties	G5	–	–	1,445	1,595
Other long-term payables	(iv)	51	52	20	18
Deferred income		42	46	–	–
Retirement benefit obligation		9	6	–	–
		105	108	1,465	1,613

Notes to the Financial Statements

E. Our Working Capital *(cont'd)*

E3. Trade and Other Payables *(cont'd)*

i. Included in the Company's accrued operating expenses are amounts of S$43 million (2020: S$37 million) due to related companies.

ii. Included in the Group's other creditors is an amount owing in the margin account as a result of withdrawal against net unrealised gain, driven by the high oil commodity forward price.

iii. Current deferred grant related to JSS government grant and non-current deferred grants related to government grants for capital assets.

iv. Other long-term payables included retention monies of subsidiaries, long-term employee benefits and accrued operating and maintenance services which will be billed only after the initial payment-free period, which is more than one year.

E4. Cash and Cash Equivalents

Accounting policies

Cash and cash equivalents which comprise cash balances and bank deposits are classified as financial assets measured at amortised cost. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand. Bank overdrafts are shown within interest-bearing borrowings in current liabilities on the balance sheet.

The majority of the Group's cash is held in bank deposits or money market funds which have a maturity of three months or less to enable short-term liquidity requirements to be met.

(S$ million)	Group		Company	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Fixed deposits with banks	549	301	–	–
Cash and bank balances	795	731	427	358
Cash and cash equivalents in the balance sheets	1,344	1,032	427	358
Restricted bank balances	(47)	(23)	–	–
Cash and cash equivalents in the consolidated statement of cash flows	1,297	1,009	427	358
Cash and cash equivalents inclusive of placement with:				
– A subsidiary	4	–	426	357
– A related corporation	74	117	1	1

Fixed deposits with banks of the Group earn interest at rates ranging from 0.12% to 8.00% (2020: 0.03% to 9.00%) per annum.

Included in the Group's cash and cash equivalents is an amount of S$259 million (2020: S$262 million) over which banks have a first charge in the event that the respective subsidiaries do not meet the debt servicing requirements.

F. Our Financial Instruments and Risks Management

In undertaking the transformation from brown to green, the Group has carefully assessed its risk exposures, including ensuring that the Group is not over leveraged while optimising its portfolio.

F1. Market Risk

This note details the Group's exposure to treasury and financial risks including credit, liquidity, interest and foreign exchange risk, and the objectives and policies in place to monitor and manage these risks.

In the last couple of years, the Group has embarked on transitioning its Governance Assurance Framework (GAF) to Integrated Assurance Framework (IAF) to place greater emphasis on a multi-level line of defense (LOD) model. Through the IAF structure, the respective LODs work together to ensure that key financial, operational, compliance and IT risks are reviewed and tested using a robust assurance process. Under the IAF, a pragmatic and collaborative approach to risk and controls assessment has been established, with common and consistent criteria to assess the risks and the adequacy and effectiveness of the internal controls.

Under the IAF, the Group's key markets, being the first LOD, are required to work with the second LOD comprising business lines, subject matter experts and corporate functions, to perform a thorough review and assessment of their risks and internal controls.

Clear escalation procedures and key risk indicators have been established and aligned with the Group's risk appetite.

The proactive management of key risks and controls strengthens not only the Group's reporting and monitoring capabilities, but also cultivates a risk culture of accountability and ownership.

Key themes of the IAF include cyber security, plant availability and reliability, health and safety, regulatory and compliance, people and talent management, fraud and governance.

Financial Risk Management Objectives and Policies

The Group's day-to-day operations, new investment opportunities and funding activities introduce financial risks, which are actively managed by management with Board oversight. These risks are grouped into the following categories:

- Market: The risk that fluctuations in commodity prices, foreign exchange and interest rates adversely impact the Group's results.
- Liquidity: The risk that the Group will not be able to meet the financial obligations as they fall due.
- Credit: The risk that a counterparty will not fulfil its financial obligations under a contract or other arrangement.

The Board has adopted the Group Treasury Policies and financial authority limits to manage these risks. The Group Treasury Policies set out the parameters for financing structure, liquidity, counterparty risk management, foreign exchange risk management and use of derivative transactions. Derivative transactions are permitted only if it involves underlying assets or liabilities.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F1. Market Risk *(cont'd)*

a. Market Risk

Market risk is the possibility that changes in interest rates, foreign exchange rates, equity securities and commodities will adversely affect the value of the Group's assets, liabilities or expected future cash flows. The objective of market risk management is to manage and reduce the above exposures within acceptable parameters.

i. Interest Rate Risk

The Group's interest rate exposure is primarily in relation to its fixed rate borrowings (fair value risk), variable-rate borrowings and cash and cash equivalents (cash flow risk).

The Group's policy is to target at least 50% of its debt portfolio with fixed interest rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at variable rates while using interest rate swaps and cross currency swaps to hedge the variability in cash flows attributable to the floating interest rates.

Based on the variable rate net debt position (both issued and hedged) at the balance sheet date, assuming other factors (principally foreign exchange rates and commodity prices) remained constant and that no further interest rate management action was taken, an increase in interest rates of 1% would have decreased the Group's profit before tax (PBT) by S$29 million (2020: decreased by S$44 million) and increased equity by S$6 million (2020: increased by S$8 million). At Company level, PBT would have decreased by S$9 million (2020: decreased by S$11 million) and no impact to equity (2020: no impact). A 1% decrease in interest rates would have the opposite effect for both Group and Company.

ii. Foreign Currency Risk

The Group is exposed to currency risk on foreign currency denominated borrowings, investments and commercial transactions.

The Group limits its exposure to changes in foreign exchange rates through forward foreign exchange contracts and cross currency interest rate swaps. In certain circumstances, borrowings are left in a foreign currency, or swapped from one foreign currency to another, to hedge expected future business cash flows in that currency. Significant foreign currency denominated transactions undertaken in the normal course of operations are managed on a case-by-case basis.

The Group's exposure to foreign currency risk (excluding the Group's net investments hedge in its subsidiaries in the UK) based on its risk management policy is summarised as follows:

	Group						
(S$ million)	SGD	USD	EURO	GBP	RMB	INR	Others
2021							
Financial assets							
Cash and cash equivalents	27	224	3	*	*	–	17
Loan to an associate	–	–	–	70	–	–	–
Trade and other receivables	23	404	*	1	158	*	22
Other financial assets	–	53	–	–	–	–	–
	50	681	3	71	158	*	39
Financial liabilities							
Trade and other payables	41	299	3	130	29	*	11
Interest-bearing borrowings	–	964	–	–	–	–	95
Lease liabilities	4	–	–	–	–	–	*
	45	1,263	3	130	29	*	106
Net financial assets / (liabilities)	5	(582)	–	(59)	129	*	(67)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(159)	(4)	–	(76)	–	–
Less: Cross currency swap / Foreign exchange forward contracts	24	1,043	4	129	(35)	–	95
Net currency exposure	29	302	–	70	18	*	28
2020							
Financial assets							
Cash and cash equivalents	24	184	9	11	1	–	13
Loan to an associate	–	–	–	71	–	–	–
Trade and other receivables	15	382	*	146	118	856	17
Other financial assets	–	71	–	–	–	–	–
	39	637	9	228	119	856	30
Financial liabilities							
Trade and other payables	28	320	8	226	–	–	24
Interest-bearing borrowings	–	359	–	–	–	–	105
Lease liabilities	4	–	–	–	–	–	*
	32	679	8	226	–	–	129
Net financial assets / (liabilities)	7	(42)	1	2	119	856	(99)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(195)	(4)	–	–	–	–
Less: Cross currency swap / Foreign exchange forward contracts	17	501	4	–	(63)	(869)	105
Net currency exposure	24	264	1	2	56	(13)	6

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F1. Market Risk *(cont'd)*

a. Market Risk *(cont'd)*

ii. Foreign Currency Risk (cont'd)

The Company's gross exposure to foreign currencies is as follows:

(S$ million)	Company USD
2021	
Financial assets	
Cash and cash equivalents	3
Trade and other receivables	15
	18
Financial liabilities	
Trade and other payables	24
Net financial liabilities	(6)
Net currency exposure	(6)
2020	
Financial assets	
Cash and cash equivalents	21
Trade and other receivables	13
	34
Financial liabilities	
Trade and other payables	17
Net financial assets	17
Net currency exposure	17

Sensitivity Analysis

A 10% strengthening of the following currencies against the functional currencies of the Group and Company at the balance sheet date would have increased / (decreased) equity and PBT by the amounts shown below. The analysis assumed that all other variables, in particular interest rates, remain constant, ignored any impact of firm commitments in foreign currencies and with no further foreign exchange risk management action taken.

	Group				Company	
	Equity		Profit before tax		Profit before tax	
(S$ million)	2021	2020	2021	2020	2021	2020
SGD	2	1	*	1	–	–
USD	15	20	27	22	(1)	2
EURO	–	*	*	*	–	–
GBP	6	6	7	(4)	–	–
RMB	–	–	9	6	–	–
INR	–	–	*	(1)	–	–
Others	–	–	3	6	–	–

A 10% weakening of the above currencies against the functional currencies of the Group and Company at the balance sheet date would have had an equal but opposite effect to the amounts shown above.

iii. Price Risk

Mutual Funds and Equity Securities Price Risk

The Group is exposed to mutual funds and equity securities price risk because of the investments held by the Group which are classified on the consolidated balance sheet either as FVTPL or FVOCI, respectively.

If prices for mutual funds and equity securities increased by 10% with all other variables held constant, equity and PBT would have increased by S$5 million and S$11 million, respectively (2020: increased by S$7 million and S$12 million, respectively). Conversely, if prices decreased by 10%, equity and PBT would have had an equal but opposite effect.

Commodity Risk

The Group hedges against fluctuations in commodity prices that affect revenue and cost. Exposures are managed via swaps and contracts for differences.

Contracts for differences are entered into with counterparties at a strike price, with or without fixing the quantity upfront, to hedge against adverse price movements on the sale of electricity. Exposure to price fluctuations arising on the purchase of fuel is managed via fuel oil swaps where the price of fuel is indexed to a benchmark fuel price index, for example Singapore High Sulphur Fuel Oil 180 CST fuel oil and Dated Brent.

The Group designates the fuel oil swaps and electricity futures in their entirety in cash flow hedges to hedge its commodity risk and applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference index of Singapore High Sulphur Fuel Oil 180 CST fuel oil and Dated Brent, tenors, repricing dates and maturities and the notional or par amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by looking at the critical terms.

The Group did not identify any significant sources of ineffectiveness in these hedge relationships.

Sensitivity Analysis

If prices for commodities increased by 10% with all other variables held constant, the increase in equity as a result of fair value changes on cash flow hedges would be:

	Group	
(S$ million)	2021	2020
Equity	19	15

A 10% decrease in the prices for commodities would have had an equal but opposite effect to the equity. The analysis assumed that all other variables remain constant.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges

The Group uses derivative instruments (derivatives) (as disclosed in Note H1) for managing its risks as described above. Derivatives are contracts whose value is derived from an underlying price index (or other variable) that require little or no initial net investment and are settled at a future date.

The Group designates certain derivatives as either:

i. Hedges of fair value of recognised assets, liabilities or firm commitments (fair value hedge)

ii. Hedges of a particular cash flow risk associated with a recognised asset, liability or highly probable forecast transaction (cash flow hedge)

iii. Hedges of a net investment in a foreign operation (net investment hedge)

Accounting policies

Derivatives are carried on the balance sheet at fair value. Movements in the price of the underlying variables, which cause the value of the contract to fluctuate, are reflected in the fair value of the derivative. The method of recognising changes in fair value depends on whether the derivative is designated in an accounting hedge relationship. Derivatives not designated as accounting hedges are referred to as economic hedges.

Fair value gains and losses attributable to economic hedges are recognised in the statement of profit or loss while recognition of fair value gains and losses of those attributable to accounting hedges depends on the nature of the item being hedged.

The effective portion of changes in fair value of derivatives designated as fair value hedge are recognised in profit or loss at the same time when all changes in the fair value of the underlying item relating to the hedged risks are recognised in profit or loss. The effective portion of changes in the fair value of derivatives designated as cash flow hedges are recognised in the hedging reserve (in equity).

Certain determinants of fair value included in derivatives or mismatches between the timing of the instrument and the underlying item in the hedge relationship, can cause hedge ineffectiveness. Any ineffectiveness is recognised immediately in profit or loss as change in fair value of derivatives.

When the underlying hedged item is sold or repaid, the unamortised fair value adjustments of a fair value hedge or the amounts accumulated in the hedging reserve for a cash flow hedge, is recognised immediately in profit or loss.

When the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting, the unamortised fair value adjustments of a fair value hedge or the amounts accumulated in the hedging reserve for a cash flow hedge, is recognised in profit or loss when the hedged item is recognised in profit or loss, which may occur over time.

Key estimates and judgements

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. The Group considers the critical terms in assessing if each designated derivative is expected to be and has been effective in offsetting changes in cash flows of the hedged item.

In these hedge relationships, the main sources of ineffectiveness are due to:

- the effect of the counterparties' and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the timing of hedged transactions.

The Group designates only the change in fair value of the spot element of forward exchange contracts for funding purposes as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element for the forward exchange contracts ("forward points") is separately accounted for as a cost of hedging and recognised in hedging reserve within equity.

Interest Rate Benchmark Reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some IBORs with alternative nearly risk-free rates (interest rate benchmark reform).

The Audit Committee monitors and manages the Group's transition to alternative rates. The committee evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties. The committee reports to the Company's Board of Directors quarterly and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from interest rate benchmark reform.

The Group has loans and derivatives (as hedges to the loans) in SOR and LIBOR which extend beyond the anticipated cessation date of the rates on June 30, 2023. The Group has started to engage some of the counterparties to start transitioning its loans and hedges. It has completed transitioning its GBP loan and hedges from LIBOR to SONIA by end of December 31, 2021. The Group will transition its USD and SGD loans and hedges in 2022 and 2023. As at December 31, 2021, the Group does not expect to be significantly impacted as a result of the transition to alternate reference rates. The Group continues to apply the amendments to SFRS(I) 9 issued in December 2020 (Phase 1) to those hedging relationships directly affected by interest rate benchmark reform.

The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an "unreformed contract").

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Interest Rate Benchmark Reform *(cont'd)*

The following table shows the total amounts of unreformed contacts as at December 31, 2021 for the Group. There is no unreformed contract for the Company. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

(S$ million)	Total amount of unreformed contracts SOR	USD LIBOR	GBP LIBOR
Group			
December 31, 2021			
Financial liabilities			
Secured term loans	–	130	–
Unsecured term loans	2,390	210	544
Derivatives			
Interest rate swaps	260	306	544

The Group's exposure to the interest rate benchmark reform as at December 31, 2021 is attributable to the interest rate swaps and cross currency swaps to hedge SOR and LIBOR (2020: SOR and LIBOR) cash flows on the Group's bank loans maturing from 2023 to 2036 (2020: 2021 to 2036). The Group's exposure to SOR and USD LIBOR (2020: SOR and LIBOR) designated in a hedging relationship that is directly affected by the interest rate benchmark reform approximates nominal amount of S$1,109 million (2020: S$1,377 million) at December 31, 2021. Out of the S$3,274 million of unreformed contracts, the Group has completed the transition agreement of S$644 million of the bank loans, and the alternate reference rates will be effective after December 31, 2021.

Cash Flow Hedges

Key estimates and judgements

For cash flow hedging relationships directly impacted by interest rate benchmark reform (i.e. hedges of LIBOR and SOR), the Group assumes that the cash flows of the hedged item and hedging instrument will not be altered. As of December 31, 2021, the Group has transitioned a GBP LIBOR hedged loan and a SOR hedged loan with the hedged rate effectively unaltered.

LIBOR and SOR continue to be used as reference rates in financial markets and are used in the valuation of instruments with maturities that exceed the expected end date for LIBOR and SOR. Therefore, the Group believes the current market structure supports the continuation of hedge accounting as at December 31, 2021.

The Group designates certain forward foreign exchange contracts, interest rate swaps, cross currency interest rate swaps and fuel oil swaps in cash flow hedge relationships.

At December 31, 2021, the Group held the following instruments to hedge exposures to changes in foreign currency, interest rates and commodity prices:

(S$ million)	Rate ($)	Interest rate (%)	Maturity Within 1 year	Between 1 and 5 years	More than 5 years
2021					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
– SGD / USD	0.73 – 0.76	–	30	–	–
– USD / SGD	1.32 – 1.47	–	209	21	–
– EUR / SGD	1.59	–	3	–	–
– USD / INR	75.04 – 78.26	–	609	–	–
– CNH / SGD	0.21	–	2	–	–
Cash					
– USD / SGD	1.35 – 1.36	–	56	–	–
– CNH / SGD	0.21	–	29	–	–
Interest rate risk					
Interest rate swap (IRS)					
– Float-to-fixed	–	0.87 – 2.51	117	899	–
– Fixed-to-float	–	2.92	177	–	–
Foreign currency and interest rate risk					
Cross currency swaps					
– USD / INR	66.75	–	249	–	–
Commodity risk					
Fuel oil swaps					
– Fuel oil swap ($ per MT)	205.00 – 475.75	–	613	41	–
– Fuel oil swap ($ per BBL)	33.03 – 83.13	–	183	2	–
– Fuel oil swap ($ per MMBTU)	4.90 – 9.55	–	102	22	–
Electricity futures market contracts	97.59 – 115.85	–	11	–	–

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Cash Flow Hedges *(cont'd)*

(S$ million)	Rate ($)	Interest rate (%)	Maturity: Within 1 year	Maturity: Between 1 and 5 years	Maturity: More than 5 years
2020					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
– SGD / USD	0.70 – 0.75	–	21	–	–
– USD / SGD	1.29 – 1.47	–	204	44	–
– SGD / INR	54.98 – 56.76	–	963	–	–
– EUR / SGD	1.63	–	4	–	–
– INR / USD	73.97 – 77.40	–	68	–	–
Interest rate risk					
Interest rate swap (IRS)					
– Float-to-fixed	–	1.05 – 2.51	122	597	100
– Fixed-to-float	–	2.92	181	–	–
Foreign currency and interest rate risk					
Cross currency swaps					
– USD / INR	66.75	–	12	244	–
Commodity risk					
Fuel oil swaps					
– Fuel oil swap ($ per MT)	186.00 – 421.00	–	290	54	–
– Fuel oil swap ($ per BBL)	33.03 – 67.65	–	82	7	–
– Fuel oil swap ($ per MMBTU)	4.90 – 5.59	–	7	9	–
Electricity futures market contracts	66.35 – 107.16	–	12	–	–
Coal commodity contracts	67.50 – 69.00	–	20	–	–

The amounts at the balance sheet date relating to items designated as hedged items are as follows:

(S$ million)	Cash flow hedge reserve for continuing hedges 2021	Cash flow hedge reserve for continuing hedges 2020
Foreign currency risk		
Highly probable purchases	3	8
Highly probable equity injection	1	–
Interest rate risk		
Variable rate borrowings	(28)	(68)
Other financial liabilities	(3)	(9)
Foreign currency and interest rate risk		
Receivables	–	(1)
Variable rate borrowings	(2)	(3)
Commodity risk		
Highly probable purchases	51	21
Fuel oil price	84	1

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Cash Flow Hedges *(cont'd)*

The amounts related to items designated as hedging instruments and hedge ineffectiveness are as follows:

	Foreign currency risk	Interest rate risk	Foreign currency risk and interest rate risk	Commodity risk			
	Forward foreign exchange contracts / Cash	Interest rate swaps	Cross currency swaps	Fuel oil swaps	Electricity futures market contracts	Coal commodity contracts	Total
2021							
Nominal amount – S$ million	959	1,193	249	963	11	–	3,375
Quantity	–	–	–	1,805,648 MT, 4,015,159 BBL and 19,260,000 MMBTU	–	–	1,805,648 MT, 4,015,159 BBL and 19,260,000 MMBTU
Carrying amount – S$ million							
Other financial assets	1	3	26	212	–	–	242
Other financial liabilities	2	36	–	50	29	–	117
Cash	85	–	–	–	–	–	85
Fair value increase / (decrease) – S$ million							
Hedging instruments	(84)	54	5	212	(52)	–	135
Hedged items	84	(54)	(5)	(215)	52	–	(138)
Hedge ineffectiveness	*	–	–	(3)	–	–	(3)
Reconciliation of hedging reserve – S$ million							
Changes in fair value	(84)	54	5	212	(52)	–	135
Amounts reclassified to profit or loss:							
– Cost of goods sold	48	–	–	(75)	25	–	(2)
– Finance cost	47	–	–	–	–	–	47
Amount reclassified to cost of investment in a subsidiary	(1)	–	–	–	–	–	(1)
							179
Tax on above items							(31)
Change in hedging reserve							148
Share of other comprehensive income of associates and joint ventures							35
Movement during the year							183

	Foreign currency risk	Interest rate risk	Foreign currency risk and interest rate risk	Commodity risk			
	Forward foreign exchange contracts	Interest rate swaps	Cross currency swaps	Fuel oil swaps	Electricity futures market contracts	Coal commodity contracts	Total
2020							
Nominal amount – S$ million	1,304	1,195	256	450	12	20	3,237
Quantity	–	–	–	533,953 MT, 1,034,975 BBL and 2,352,000 MMBTU	–	–	533,953 MT, 1,034,975 BBL and 2,352,000 MMBTU
Carrying amount – S$ million							
Other financial assets	3	–	17	47	*	4	71
Other financial liabilities	13	86	–	25	2	–	126
Fair value increase / (decrease) – S$ million							
Hedging instruments	(40)	(45)	(88)	(24)	6	5	(186)
Hedged items	51	45	88	26	(6)	(5)	199
Hedge ineffectiveness	11	–	–	2	–	–	13
Reconciliation of hedging reserve – S$ million							
Changes in fair value	(40)	(45)	(88)	(24)	6	5	(186)
Amounts reclassified to profit or loss:							
– Cost of goods sold	(80)	–	–	68	(5)	–	(17)
– Finance cost	–	2	162	–	–	–	164
							(39)
Tax on above items							1
Change in hedging reserve							(38)
Share of other comprehensive income of associates and joint ventures							(16)
Movement during the year							(54)

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Cash Flow Hedges *(cont'd)*

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

(S$ million)	Cash flow hedge reserve 2021	Cash flow hedge reserve 2020
Balance at January 1	(133)	(87)
Movement during the year		
Changes in fair value:		
– Foreign currency risk	(84)	(40)
– Interest rate risk	54	(45)
– Foreign currency and interest rate risk	5	(88)
– Commodity risk	160	(13)
Amount reclassified to profit or loss:		
– Foreign currency risk	95	(80)
– Interest rate risk	–	2
– Foreign currency and interest rate risk	–	162
– Commodity risk	(50)	63
Amount reclassified to cost of investment in a subsidiary	(1)	–
Tax on movements on reserves during the year	(31)	1
Share of other comprehensive income of associates and joint ventures	35	(16)
	183	(54)
Share of non-controlling interests	(2)	8
Balance at December 31	48	(133)

Net Investment Hedges

The Group's investments in its UK subsidiaries are hedged by GBP / SGD forward foreign exchange contracts (hedging instrument), which mitigates the currency risks arising from the subsidiaries' net assets. The carrying amount of the hedging instrument of S$6 million (2020: S$4 million) and S$9 million (2020: S$8 million) is included in other financial assets and other financial liabilities respectively.

The notional amount of the contracts is S$166 million (2020: S$127 million). During the financial year, hedging loss of S$1 million (2020: S$2 million) was recognised in other comprehensive income. As at December 31, 2021, the balance of foreign currency translation reserve for continuing hedges is S$32 million (2020: S$33 million).

F3. Liquidity Risk

The Group manages its liquidity risk with the view to maintaining a healthy level of cash and cash equivalents appropriate to its operating environment and expected cash flows. Liquidity requirements are maintained within the credit facilities established and are adequate and available for the Group to meet its obligations.

Maturity Profile of the Group's and the Company's Financial Liabilities

The cash flows associated with the cash flow hedges of the Group are expected to occur within 1 year and between 1 and 5 years. Correspondingly, the cash flows related to the hedging instruments (foreign exchange contracts, fuel oil swaps, interest rate swaps, cross currency swaps and electricity futures market contracts) that are designated as cash flows hedges are expected to impact profit or loss within 1 year, between 1 and 5 years and upon disposal of its investment in subsidiaries.

Approximately S$750 million (2020: S$600 million) of interest-bearing borrowings are due within 12 months. The Group has at least S$1,900 million (2020: S$800 million) in committed credit facilities with final maturity dates beyond 2022 that can be drawn down.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash inflows / (outflows), including estimated interest payments and excluding the impact of netting agreements:

(S$ million)	Carrying amount	Contractual cash flow	Cash flows: Less than 1 year	Cash flows: Between 1 and 5 years	Cash flows: Over 5 years
Group					
2021					
Derivatives					
Derivative financial liabilities	143				
– inflow		254	152	102	–
– outflow		(386)	(260)	(126)	–
Derivative financial assets	(291)				
– inflow		415	380	35	–
– outflow		(146)	(131)	(15)	–
Non-derivative financial liabilities					
Trade and other payables[1]	1,644	(1,645)	(1,624)	(16)	(5)
Lease liabilities	258	(386)	(26)	(78)	(282)
Interest-bearing borrowings	7,391	(9,244)	(1,009)	(5,099)	(3,136)
	9,145	(11,138)	(2,518)	(5,197)	(3,423)
2020					
Derivatives					
Derivative financial liabilities	138				
– inflow		232	190	42	–
– outflow		(370)	(278)	(82)	(10)
Derivative financial assets	(98)				
– inflow		224	102	115	7
– outflow		(138)	(34)	(104)	–
Non-derivative financial liabilities					
Trade and other payables[1]	1,125	(1,128)	(1,108)	(13)	(7)
Lease liabilities	226	(353)	(20)	(65)	(268)
Interest-bearing borrowings	7,728	(9,790)	(925)	(5,974)	(2,891)
	9,119	(11,323)	(2,073)	(6,081)	(3,169)

[1] Excludes advance payments, deferred grants, rental payables, Goods and Services Tax and employee benefits

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F3. Liquidity Risk *(cont'd)*

Maturity Profile of the Group's and the Company's Financial Liabilities *(cont'd)*

(S$ million)	Carrying amount	Contractual cash flow	Cash flows Less than 1 year	Cash flows Between 1 and 5 years	Cash flows Over 5 years
Company					
2021					
Non-derivative financial liabilities					
Trade and other payables[1]	1,618	(1,673)	(177)	(1,496)	–
Lease liabilities	115	(182)	(9)	(33)	(140)
	1,733	(1,855)	(186)	(1,529)	(140)
2020					
Non-derivative financial liabilities					
Trade and other payables[1]	1,708	(1,750)	(120)	(1,630)	–
Lease liabilities	116	(187)	(8)	(32)	(147)
	1,824	(1,937)	(128)	(1,662)	(147)

[1] Excludes advance payments, deferred grants, rental payables, Goods and Services Tax and employee benefits

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact the profit or loss and the fair value of the related hedging instruments:

(S$ million)	Carrying amount	Contractual cash flow	Cash flows Less than 1 year	Cash flows Between 1 and 5 years	Cash flows Over 5 years
Group					
2021					
Derivative financial liabilities	117				
– inflow		136	130	6	–
– outflow		(253)	(236)	(17)	–
Derivative financial assets	(242)				
– inflow		329	294	35	–
– outflow		(87)	(72)	(15)	–
	(125)	125	116	9	–
2020					
Derivative financial liabilities	126				
– inflow		232	190	42	–
– outflow		(358)	(275)	(74)	(9)
Derivative financial assets	(71)				
– inflow		102	97	5	–
– outflow		(32)	(32)	–	–
	55	(56)	(20)	(27)	(9)

F4. Credit Risk

The Group only deals with pre-approved customers and financial institutions with good credit rating. To minimise the Group's counterparty risk, the Group enters into derivative transactions only with creditworthy institutions. Cash and fixed deposits are placed in banks and financial institutions with good credit rating. For some customers, the Group may also obtain security in the form of deposits, guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty defaults.

For the Company's amounts due from subsidiaries, the Company considers the financial assets to have a low credit risk by taking into consideration the Group's financial ability to settle the amounts, in estimating the risk of default used in measuring expected credit loss (ECL).

Accounting policies

The Group applies the simplified approach to provide ECL on trade and unbilled receivables, and contract assets without significant financing component. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs. To measure expected lifetime ECLs, these balances have been grouped based on common credit risk characteristics and ageing profiles. The loss allowance for service concession receivables is measured at 12-month ECL. A receivable balance is written-off to the extent that there is no realistic prospect of recovery.

For customers with credit ratings (or equivalent), the ECL rate is calculated based on probabilities of default and loss given default obtained from Standards and Poor's and Moody's. The Group monitors changes in credit risk by tracking published external credit ratings.

Customers with no credit ratings (or equivalent) are group based on shared credit risk characteristics and days past due, with ECL rates calculated using historical loss rates for each category of customers, adjusted to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the customer and default or significant delay in payments.

When the Group determines whether the credit risk has increased significantly, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, taking into account forward-looking information. Customer collectability is assessed on an ongoing basis and any resulting impairment losses are recognised in the profit or loss.

The maximum exposure to credit risk is the carrying amount of each financial asset (including derivatives) in the balance sheet, before taking into account any collateral held. The Group does not hold any collateral in respect of its financial assets, except for balances with customers where guarantees or security deposits are obtained.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F4. Credit Risk *(cont'd)*

ECL assessment for customers with credit ratings (or equivalent)

The Group allocates exposure to credit risk by segmenting the customers based on the geographic region and industry classification.

(S$ million)	Equivalent to external credit rating	Credit impaired	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2021					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BBB+ – B-	No	610	(9)	601
– Government	AAA – BB	No	49	*	49
– Retail	B-	No	19	(2)	17
– Others	B+ – B-	No	2	*	2
			680	(11)	669
Receivables measured at 12-month ECL					
Service concession receivables	AAA – B	No	956	(11)	945
Total			1,636	(22)	1,614
2020					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	AAA – CCC	No	339	(5)	334
– Government	AAA	No	21	–	21
– Retail	B+ – B-	No	17	(2)	15
– Others	B+ – B-	No	1	*	1
			378	(7)	371
Receivables measured at 12-month ECL					
Service concession receivables	AAA – B	No	974	(11)	963
Total			1,352	(18)	1,334
Company					
2021					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BB+ – B-	No	46	(1)	45
– Government	AAA	No	4	–	4
			50	(1)	49
2020					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BBB – CCC	No	35	*	35
– Government	AAA	No	4	–	4
			39	*	39

i. As at December 31, 2021, 84% (2020: 84%) of service concession receivables relate to two major customers of the Group.

ii. The carrying amount of receivable from the Group's most significant customer is S$423 million (2020: S$458 million) as at December 31, 2021. This receivable relates mainly to the sale of power in India and the customer is sovereign backed. Based on assessment performed in accordance with the Group's policy, the ECL allowance recognised as at December 31, 2021 is S$11 million (2020: S$9 million).

iii. There were no trade and other receivables and contract assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets.

ECL assessment for customers without credit ratings (or equivalent)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for customers with no credit rating or no representative credit rating or equivalent:

(S$ million)	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2021					
Not past due	No	0.6%	176	(1)	175
Past due 0 to 3 months	No	0.5%	210	(1)	209
Past due 3 to 6 months	No	0.7%	144	(1)	143
Past due 6 to 12 months	No	1.6%	183	(3)	180
More than 1 year	No	25.0%	132	(33)	99
Total			845	(39)	806
Company					
2021					
Not past due	No	1.2%	82	(1)	81
Past due 0 to 3 months	No	–	19	–	19
Past due 3 to 6 months	No	–	3	–	3
Past due 6 to 12 months	No	–	3	–	3
More than 1 year	No	–	3	–	3
Total			110	(1)	109

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F4. Credit Risk *(cont'd)*

ECL assessment for customers without credit ratings (or equivalent) *(cont'd)*

(S$ million)	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2020					
Not past due	No	0.4%	241	(1)	240
Past due 0 to 3 months	No	0.2%	200	*	200
Past due 3 to 6 months	No	0.8%	234	(2)	232
Past due 6 to 12 months	No	2.0%	153	(3)	150
More than 1 year	No	56.3%	48	(27)	21
Total			876	(33)	843
Company					
2020					
Not past due	No	–	72	–	72
Past due 0 to 3 months	No	–	10	–	10
Past due 3 to 6 months	No	–	1	–	1
Past due 6 to 12 months	No	–	1	–	1
Total			84	–	84

For the remaining financial assets at amortised cost amounting to S$351 million (2020: S$232 million) which pertain mainly to long-term fixed deposits with financial institutions, dividend receivables from joint ventures and GST receivables, the Group considered the risk that a credit loss may occur, and recognised a loss allowance of S$16 million (2020: S$6 million).

Movements in loss allowances

		Group			Company		
(S$ million)	Note	12-month ECL	Lifetime ECL	Total	12-month ECL	Lifetime ECL	Total
Balance at January 1, 2021		11	46	57	–	*	*
Currency translation difference		*	1	1	–	–	–
Impairment loss recognised		–	26	26	–	1	1
Loss allowance written back		*	(7)	(7)	–	–	–
Balance at December 31, 2021	E1	11	66	77	–	1	1
Balance at January 1, 2020		8	193	201	–	*	*
Currency translation difference		1	(8)	(7)	–	–	–
Impairment loss recognised		2	14	16	–	*	*
Loss allowance utilised		–	(3)	(3)	–	–	–
Loss allowance written back		–	(5)	(5)	–	–	–
Distribution of a subsidiary		–	(145)	(145)	–	–	–
Balance at December 31, 2020	E1	11	46	57	–	*	*

F5. Financial Instruments

Accounting policies

SFRS(I) 13 establishes a fair value hierarchy that prioritises the inputs used to measure fair value. The three levels of the fair value input hierarchy defined by SFRS(I) 13 are as follows:

- Level 1 – Using quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2 – Using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3 – Using inputs not based on observable market data (unobservable input).

Securities

The fair value of financial assets is based on quoted market prices (bid price) in an active market at the balance sheet date without any deduction for transaction costs. If the market for a quoted financial asset is not active, and for unquoted financial assets, the Group establishes fair value by using other valuation techniques.

Derivatives

Derivatives are used by the Group for hedging and enhancement of performance purposes. These derivatives are mainly foreign exchange contracts, foreign exchange swaps, interest rate swaps, cross currency swaps, fuel oil swaps and electricity futures market contracts.

1. The fair value of foreign exchange contracts and foreign exchange swaps are accounted for based on the difference between the contractual price and the current forward market price.
2. The fair values of interest rate swaps and cross currency swaps are the indicative amounts that the Group is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.
3. The fair value of fuel oil swaps contracts is accounted for based on the difference between the contractual strike price with the counterparty and the current forward market price.
4. Contracts for differences (CFDs) are accounted for based on the difference between the contracted price entered into with the counterparty and the reference price. The CFDs are measured at cost since the fair value cannot be measured reliably as there have been minimal trades made in the electricity future market. Upon settlement, the gains and losses for CFDs are taken to profit or loss.

Non-derivative non-current financial assets and liabilities

Carrying amount of non-derivative non-current financial assets and liabilities on floating interest rate terms are assumed to approximate their fair value because of the short period to repricing. Fair values for the remaining non-derivative non-current financial assets and liabilities are calculated using discounted expected future principal and interest cash flows at the market rate of interest at the balance sheet date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, that is, the fair value of the consideration given or received. When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

For financial instruments not actively traded in the market, fair value is determined by independent third party or by various valuation techniques, with assumptions based on existing market conditions at each balance sheet date.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F5. Financial Instruments *(cont'd)*

a. Fair Value Hierarchy

Financial assets and financial liabilities carried at fair value

(S$ million)	Fair value measurement Level 1	Level 2	Level 3	Total
Group				
At December 31, 2021				
Financial assets at FVOCI	–	–	53	53
Financial assets at FVTPL	85	–	28	113
Derivative financial assets	–	291	–	291
	85	291	81	457
Derivative financial liabilities	–	(143)	–	(143)
	85	148	81	314
At December 31, 2020				
Financial assets at FVOCI	–	–	71	71
Financial assets at FVTPL	90	–	26	116
Derivative financial assets	–	98	–	98
	90	98	97	285
Derivative financial liabilities	–	(138)	–	(138)
	90	(40)	97	147

There have been no transfers between the different levels of the fair value hierarchy at December 31, 2021 and December 31, 2020.

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances of Level 3 financial assets measured at FVOCI and FVTPL:

(S$ million)	Financial assets at FVOCI 2021	2020
Group		
Balance at January 1	71	87
Translation adjustments	–	1
Net change in fair value recognised in OCI	(18)	(14)
Distribution of a subsidiary	–	(3)
Balance at December 31	53	71

(S$ million)	Financial assets at FVTPL 2021	2020
Group		
Balance at January 1	26	25
Addition	5	4
Repayment of shareholder's loan[1]	–	(5)
Disposal[2]	(10)	–
Net change in fair value recognised in profit or loss	7	2
Balance at December 31	28	26

[1] Related to repayment of shareholder's loan by Sembcorp Jingmen Water Co. Ltd (SJW)

[2] Included the Group's divestment of its interests in SJW in May 2021

Level 3 financial asset at FVOCI include unquoted equity shares. The fair value of the unquoted equity shares are determined by reference to the investment's net asset values as stated in the unaudited financial statements. The estimated fair value would increase / decrease if the net asset values for unquoted equity shares were higher / lower.

Assets and liabilities not carried at fair value

The following table shows assets and liabilities not carried at fair value but for which fair values are disclosed, except financial assets and financial liabilities measured at amortised cost for which the carrying amounts approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

(S$ million)	Fair value measurement Level 1	Level 2	Level 3	Total
Group				
At December 31, 2021				
Investment properties	–	–	186	186
Associate	99	–	–	99
Service concession receivables	–	1,501	–	1,501
Long-term interest-bearing borrowings	–	(6,654)	–	(6,654)
At December 31, 2020				
Investment properties	–	–	191	191
Associate	131	–	–	131
Service concession receivables	–	1,334	–	1,334
Long-term interest-bearing borrowings	–	(7,175)	–	(7,175)
Company				
At December 31, 2021				
Amounts due to related parties	–	(1,451)	–	(1,451)
At December 31, 2020				
Amounts due to related parties	–	(1,603)	–	(1,603)

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F5. Financial Instruments *(cont'd)*

b. Fair Value Versus Carrying Amount

The fair value of financial assets and financial liabilities measured at amortised cost approximate their carrying amounts, except for service concession receivables and non-current borrowings.

(S$ million)	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
Group				
At December 31, 2021				
Service concession receivables	956	–	956	1,501
Interest-bearing borrowings:				
Non-current borrowings	–	(6,637)	(6,637)	(6,654)
At December 31, 2020				
Service concession receivables	974	–	974	1,334
Interest-bearing borrowings:				
Non-current borrowings	–	(7,135)	(7,135)	(7,175)
Company				
At December 31, 2021				
Amounts due to related parties	–	(1,445)	(1,445)	(1,451)
At December 31, 2020				
Amounts due to related parties	–	(1,595)	(1,595)	(1,603)

G. Our Group Structure

This section provides key information on the Group's interests in joint arrangements, controlled entities and transactions with non-controlling interests. It also provides information on business acquisitions and disposals made during the year as well as information relating to Group's related parties, including related party transactions.

G1. Subsidiaries

Accounting policies

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

Investment in Subsidiaries

(S$ million)	Company December 31, 2021	Company December 31, 2020
At cost and carrying value:		
Unquoted equity shares	2,016	2,016
Preference shares	288	288
Share-based payments reserve	5	4
	2,309	2,308

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G1. Subsidiaries *(cont'd)*

Details of key subsidiaries of the Group are as follows:

Name of key subsidiary	Country of incorporation	Effective equity held by the Group 2021 %	2020 %
Sembcorp Utilities Pte Ltd (SCU)[1]	Singapore	100	100
Sembcorp Cogen Pte Ltd[1]	Singapore	100	100
Sembcorp Gas Pte Ltd[1]	Singapore	100	100
Sembcorp Environment Pte. Ltd.[1]	Singapore	100	100
SembWaste Pte Ltd[1]	Singapore	100	100
Sembcorp Development Ltd[1]	Singapore	100	100
Singapore Precision Industries Pte Ltd[1]	Singapore	100	100
Singapore Technologies Industrial Corp Ltd[1]	Singapore	100	100
Vietnam Singapore Industrial Park Pte Ltd[1]	Singapore	96.59	96.59
Sembcorp Utilities (UK) Limited[2]	United Kingdom	100	100
Sembcorp Energy UK Limited[2]	United Kingdom	100	100
Nanjing Riverside Quay Co., Ltd[2]	China	100	100
Sembcorp Myingyan Power Company Limited[2]	Myanmar	100	100
Sembcorp North-West Power Company Ltd.[2]	Bangladesh	71	71
Sembcorp Energy India Ltd, SEIL[3]	India	100	100
Sembcorp Green Infra Limited (SGI)[3,4]	India	100	100

[1] Audited by KPMG LLP, Singapore
[2] Audited by member firms of KPMG International
[3] Audited by PricewaterhouseCoopers, India
[4] In December 2021, the Group has reorganised its investments in India and SGI became a wholly owned subsidiary of SCU (previously held by SEIL)

G2. Non-controlling Interests

There are no subsidiaries with material NCI for financial year ended December 31, 2021 and December 31, 2020.

There are also no significant acquisitions of additional interest in subsidiaries during the year.

G3. Acquisition and Disposal of Subsidiaries

Acquisition of Significant Subsidiaries

On June 30, 2020, the Group acquired 100% equity stake in Sembcorp Enviro Services Pte. Ltd. (formerly known as Veolia ES Singapore Pte. Ltd.) and the public cleaning business of Veolia ES Singapore Industrial (VESSI). The acquisition is in line with the Group's strategy of deepening its presence as an integrated energy and urban solutions player providing green and more efficient solutions to enable sustainable developments in its key markets.

Revenue and Profit Contribution

The acquired businesses contributed revenue of S$44 million and loss of S$1.4 million to the Group's result for the period from July 1, 2020 to December 31, 2020.

Had the acquired businesses been consolidated from January 1, 2020, the contribution to the Group's consolidated revenue and consolidated profit for the year ended December 31, 2020, would have been S$89 million and S$7 million respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition and related amortisation charges for the year would have been the same if the acquisition had occurred on January 1, 2020.

Consideration Transferred

(S$ million)	Note	2020
a. *Effect on cash flows of the Group*		
Cash paid		18
Less: Cash and cash equivalents in subsidiaries acquired		(9)
Cash outflow on acquisition		9
b. *Identifiable assets acquired and liabilities assumed*		
Total net identifiable assets		35
Less: Negative goodwill	B4(c)	(17)
Consideration transferred for the businesses		18

Negative Goodwill

The negative goodwill of S$17 million recognised on acquisition is primarily attributable to Veolia Singapore wanting to exit the public cleaning and waste management business in Singapore to focus on its core operations.

Acquisition-related Costs

The Group incurred acquisition related cost of S$2 million. These costs have been charged to profit or loss.

Disposal of Significant Subsidiaries

For the year 2020, the Group divested 100% of its interests in the water business in Panama.

The financial effects arising from the deconsolidation and disposal of subsidiaries are as follows:

(S$ million)	2020
Net assets derecognised	37
Realisation of currency translation and other reserves	1
	38
Gain on disposal	20
Consideration (net of withholding tax) received	58
Less: Cash and cash equivalents disposed of	(4)
Net cash inflow	54

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Associates and Joint Ventures

Accounting policies

Associates are those entities in which the Group has significant influence, but no control or joint control, over the financial and operating policies of these entities.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group has significant influence over another entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group has joint control over the entity.

Key estimates and judgements

The recoverable amount of the interest in an associate was estimated based on its value-in-use. In estimating the recoverable amount, the Group applied the relief from royalty method to value the existing intellectual properties owned by the associate. As the associate is a new start-up with various intellectual properties at different stages of their business life cycles, the discount rates applied by the Group range from 20% to 22%, to reflect the higher risks inherent in the forecasted cash flows. Any significant changes to these forecasted cash flows, caused by changes in the risk of returns of the various intellectual properties may result in material adjustments on the associate's recoverable amounts in future periods.

		Group	
(S$ million)	Note	December 31, 2021	December 31, 2020
Associates and joint ventures		1,846	1,614
Less: Allowance for impairment		(316)	(97)
	(a), (b)	1,530	1,517
Loan to an associate	(i)	70	71
		1,600	1,588

i. The loan is unsecured, bears interest at 8.5% per annum and has no fixed terms of repayment. The settlement of the amount is neither planned nor likely to occur in the foreseeable future and hence the loan is recognised within investment in associate. Allowance for impairment on this loan is insignificant.

ii. In 2021, the Group received dividends of S$77 million (2020: S$213 million) from its investments in associates and joint ventures.

iii. The carrying value includes goodwill on acquisition as follows:

	Group	
(S$ million)	2021	2020
Balance at January 1	*	3
Distribution of a subsidiary	–	(3)
Balance at December 31	*	*

a. Associates

Details of the Group's key associates are as follows:

Name of key associate	Nature of relationship with the Group	Country of incorporation	Effective equity held by the Group 2021 %	Effective equity held by the Group 2020 %
Integrated Urban Solutions				
Wuxi-Singapore Industrial Park Development Co., Ltd[1]	Development, management and operation of Wuxi-Singapore Industrial Park	China	45.36	45.36
Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd[2]	First-grade land development including building infrastructure and public amenities	China	21.50	21.50
Conventional Energy				
Sembcorp Salalah Power and Water Company SAOG[1]	Generation of electric energy	Oman	40.00	40.00

[1] Audited by member firms of KPMG International

[2] Audited by Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd, China

There are no individual associates that are considered to be material to the Group as at December 31, 2021 and December 31, 2020. Summarised financial information of the associates presented in aggregate, representing the Group's share, is as follows:

	Group	
(S$ million)	December 31, 2021	December 31, 2020
Carrying amount	446	358
Profit for the year	57	48
Other comprehensive income	43	(2)
Total comprehensive income	100	46

The fair value of the equity interest of a listed associate amounted to S$99 million (2020: S$131 million) based on the last transacted market price on the last transaction day of the year.

In 2020, the Group recognised an impairment loss of S$81 million on the carrying amount of one of the Group's associates, Sembcorp Salalah Power and Water Company SAOG as the fair value of the equity interest had fallen below its carrying amount for a prolonged period. The impairment losses on associates were recorded in non-operating expenses. The Group used 26 years cash flow projections, representing the remaining contracted Power and Water Purchase Agreement terms and assuming a potential extension thereafter, with no terminal value considered and pre-tax discount rates ranging from 7.4% to 10% to determine the recoverable amount of the plants. Inflation rate of 3% has been used to project overheads and other general expenses. Expected capital expenditure for replenishment of parts and scheduled maintenance costs have been included in the projections with plant maintenance program.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Associates and Joint Ventures *(cont'd)*

b. Joint Ventures

Details of the Group's key joint ventures are as follows:

Name of key joint venture	Nature of relationship with the Group	Country of incorporation	Effective equity held by the Group 2021 %	Effective equity held by the Group 2020 %
Renewables				
Guohua AES (Huanghua) Wind Power Co., Ltd[1]	Development, construction and operation of wind farms as well as provision of wind power technical consultation and services, training and research, development and engineering support services	China	49.00	49.00
Integrated Urban Solutions				
Vietnam Singapore Industrial Park J.V. Co., Ltd.[2]	Development of industrial parks, residential areas and commercial areas for sale and lease	Vietnam	49.26	49.26
PT Kawansan Industri Kendal[3]	Development of an industrial, commercial and residential township	Indonesia	49.00	49.00
Conventional Energy				
Phu My 3 BOT Power Company Ltd.[4]	Building, owning, operation and maintenance of Power Plant Facility	Vietnam	66.67	66.67
Shanghai Cao Jing Co-generation Co. Ltd[5]	Production of electricity and steam, supply of steam to customers, supply of electricity to the power grid and production and sale of other relevant products	China	30.00	30.00
Emirates Sembcorp Water & Power Company P.J.S.C[6]	Development, possession, operation and maintenance of production, power generation and water desalination projects	United Arab Emirates	40.00	40.00

[1] Audited by Baker Tilly Certified Public Accountants Co., Ltd, China
[2] Audited by member firms of KPMG International
[3] Audited by BDO Indonesia
[4] Audited by Ernst & Young Vietnam Limited
[5] Audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company
[6] Audited by Ernst & Young, Abu Dhabi

The Group has two (2020: two) joint ventures that are material and a number of joint ventures that are individually immaterial to the Group. All are equity accounted. Summarised financial information of the material joint ventures is presented as follows:

(S$ million)	Guohua AES (Huanghua) Wind Power Co., Ltd. 2021	Guohua AES (Huanghua) Wind Power Co., Ltd. 2020	Vietnam Singapore Industrial Park J.V. Co., Ltd. 2021	Vietnam Singapore Industrial Park J.V. Co., Ltd. 2020
Revenue	131	120	469	391
Profit for the year[1]	51	48	106	81
Other comprehensive income	–	–	26	3
Total comprehensive income	51	48	132	84
Attributable to non-controlling interests	–	–	14	13
Attributable to investee's shareholders	51	48	118	71

[1] Includes depreciation and amortisation of S$51 million (2020: S$53 million), finance income of S$4 million (2020: S$4 million), finance cost of S$18 million (2020: S$22 million) and income tax expense of S$24 million (2020: S$20 million).

(S$ million)	Guohua AES (Huanghua) Wind Power Co., Ltd. December 31, 2021	Guohua AES (Huanghua) Wind Power Co., Ltd. December 31, 2020	Vietnam Singapore Industrial Park J.V. Co., Ltd. December 31, 2021	Vietnam Singapore Industrial Park J.V. Co., Ltd. December 31, 2020
Non-current assets	690	694	231	173
Current assets[1]	250	216	1,055	880
Non-current liabilities[2]	(278)	(335)	(267)	(161)
Current liabilities[3]	(170)	(158)	(306)	(309)
Non-controlling interests	–	–	(102)	(90)
Net assets	492	417	611	493

[1] Includes cash and cash equivalents of S$314 million (2020: S$161 million)
[2] Includes non-current financial liabilities (excluding trade and other payables and provisions) of S$458 million (2020: S$419 million)
[3] Includes current financial liabilities (excluding trade and other payables and provisions) of S$242 million (2020: S$133 million)

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Associates and Joint Ventures *(cont'd)*

b. Joint Ventures *(cont'd)*

(S$ million)	Guohua AES (Huanghua) Wind Power Co., Ltd.	Vietnam Singapore Industrial Park J.V. Co., Ltd.	Individually immaterial joint ventures	Total
December 31, 2021				
Group's interest in net assets of investees at beginning of the year	201	251	707	1,159
Group's share of:				
– Profit from continuing operations	24	48	77	149
– Other comprehensive income	–	–	14	14
Total comprehensive income	24	48	91	163
– Dividends received during the year	–	–	(65)	(65)
– Translation during the year	12	12	16	40
– Impairment during the year	–	–	(212)	(212)
– Addition during the year, net of disposal	–	–	*	*
– Transfer to assets held for sale	–	–	(1)	(1)
Carrying amount of interest in investees at end of the year	237	311	536	1,084
December 31, 2020				
Group's interest in net assets of investees at beginning of the year	196	221	800	1,217
Group's share of:				
Profit from continuing operations	24	35	126	185
Other comprehensive income	–	1	(9)	(8)
Total comprehensive income	24	36	117	177
Dividends received during the year	(29)	–	(162)	(191)
Translation during the year	10	(6)	27	31
Impairment during the year	–	–	(32)	(32)
Addition during the year, net of disposal	–	–	2	2
Transfer to assets held for sale	–	–	(30)	(30)
Distribution of a subsidiary	–	–	(15)	(15)
Carrying amount of interest in investees at end of the year	201	251	707	1,159

i. The Group's share of the capital commitments of the joint ventures at the balance sheet date amounted to S$73 million (2020: S$118 million).

ii. The Group's interest in joint ventures with total carrying amount of S$96 million (2020: S$73 million) as at balance sheet date has been pledged to banks to secure credit facilities granted to the joint venture entities.

iii. In 2021, the Group has fully impaired the carrying value of S$212 million interest in Chongqing Songzao Sembcorp Electric Power Co., Ltd (CSZ). The business was severely impacted by significantly higher coal costs, with the loss of its mine-mouth advantage and escalating market coal prices due to supply-demand imbalance consequent to a government directive for coal mines and the partner's decision to close all its Chongqing-based coal mines.

The recoverable amount was assessed using a 19-year cash flow projection based on its best estimate of the asset's total service hours and a company specific risk adjusted pre-tax discount rate of 8.3%. The projection takes into consideration the recent 10-year market coal price forecast data, the uncertainty of government support and competitive pressure from low carbon power sources in the longer term. The impairment loss was recorded in non-operating expenses.

Post the impairment, the Group no longer equity accounts the results of CSZ as the Group's cumulative share of losses would exceed its interests in CSZ. As at December 31, 2021, the Group's share of the unrecognised losses of CSZ was S$25 million.

iv. In 2020, the Group recognised an impairment loss of S$32 million on the carrying amount of one of the Group's joint venture, Shenzhen Chiwan Engineering Co. Ltd, as the fair value less cost to sell based on the negotiation with the buyer was much lower than its carrying amount. The impairment losses on the joint venture were recorded in non-operating expenses. On September 1, 2020, the Group announced that it has signed a conditional agreement to divest this investment and as at December 31, 2020, the carrying value net of allowance for impairment was transferred to assets held for sale.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G5. Related Party Information

a. Amounts Due from Related Parties

(S$ million)	Note	Associates December 31, 2021	Associates December 31, 2020	Joint ventures December 31, 2021	Joint ventures December 31, 2020	Related companies December 31, 2021	Related companies December 31, 2020	Total December 31, 2021	Total December 31, 2020
Group									
Trade		5	9	5	5	19	12	29	26
Non-trade		3	1	12	31	*	1	15	33
Loans		*	*	1	1	–	–	1	1
	E1	8	10	18	37	19	13	45	60
Loss allowance		(1)	(1)	(12)	(2)	–	*	(13)	(3)
		7	9	6	35	19	13	32	57
Amount due within 1 year		(7)	(9)	(6)	(35)	(19)	(13)	(32)	(57)
Amount due more than 1 year		–	–	*	*	–	–	*	*

The non-trade amounts due from related parties are unsecured, repayable on demand and interest-free.

Loss allowance of S$10 million was made on a dividend receivable from a joint venture which was impaired (see G4(b)(iii)).

In 2020, the loan from a joint venture is repayable in the next 12 months.

(S$ million)	Note	Subsidiaries December 31, 2021	Subsidiaries December 31, 2020
Company			
Current:			
– Trade		35	15
– Non-trade		*	*
	E1	35	15

The non-trade amounts due from related parties are unsecured, repayable on demand and interest-free.

b. Amounts Due to Related Parties

(S$ million)	Note	Holding company December 31, 2021	Holding company December 31, 2020	Associates December 31, 2021	Associates December 31, 2020	Joint ventures December 31, 2021	Joint ventures December 31, 2020	Related companies December 31, 2021	Related companies December 31, 2020	Total December 31, 2021	Total December 31, 2020
Group											
Current:											
– Trade		*	–	*	*	*	1	*	2	*	3
– Non-trade		–	–	*	1	*	*	4	4	4	5
Advance payment – trade		–	–	–	–	–	2	–	–	–	2
	E3	*	–	*	1	*	3	4	6	4	10

The non-trade amounts due to related parties are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G5. Related Party Information *(cont'd)*

b. Amounts Due to Related Parties *(cont'd)*

(S$ million)	Note	Subsidiaries December 31, 2021	Subsidiaries December 31, 2020
Company			
Current:			
– Trade		*	2
– Non-trade		2	2
	E3	2	4
Non-current:			
– Loans	E3	1,445	1,595
		1,447	1,599

The non-trade amounts due to related parties are unsecured, interest-free and repayable on demand.

The loans from a related party of S$1,445 million (2020: S$1,595 million) bear interest rates ranging from 1.36% to 3.72% (2020: 1.37% to 3.72%) per annum and are unsecured.

c. Related Party Transactions

In addition to the above, the Group had the following significant outstanding balances and transactions with related parties during the year:

(S$ million)	Outstanding balances 2021	Outstanding balances 2020	Transactions 2021	Transactions 2020
Related Corporations				
Sales	19	14	177	119
Purchases including rental	*	2	428	316
Finance income	–	–	1	3
Finance expense	4	4	8	16
Associates and Joint Ventures				
Sales	10	14	32	67
Purchases including rental	*	4	–	1
Payment on behalf	–	–	4	1
Loans due from	1	1	–	–

There were no fees paid to related parties in 2021. In 2020, S$6.5 million break funding cost for early redemption of bonds was paid to bond investors who are also related parties, and S$6.9 million management and agent fees for the rights issue and the Distribution was paid to a related corporation.

d. Compensation of Key Management Personnel

The Group considers the Directors of the Company (including the Group President & CEO of the Company) and other personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group to be key management personnel in accordance with SFRS(I) 1-24 Related Party Disclosures.

During the year, in line with setting the transformation target and plan, the Group has redefined the key management personnel. As of December 31, 2021, the key management personnel are Wong Kim Yin, Eugene Cheng, Robert Chong, Koh Chiap Khiong, Vipul Tuli, Andrew Koss, Alex Tan and Kelvin Teo.

The compensation of the eight (2020: six) key management personnel is included in the table below:

(S$ million)	Group 2021	Group 2020
Directors		
Directors' fees paid / payable	2	3
Key Management Personnel		
Salary, bonus and other benefits	8	7
Share-based compensation expenses	4	2

The Group adopts an incentive compensation plan, which is tied to the creation of Economic Value Added (EVA), as well as attainment of individual and Group performance goals for its key executives. "A bonus bank" is used to hold incentive compensation credited in any year. Typically, one-third of the available balance is paid out in cash each year, with the balance being carried forward to the following year. The balances of the bonus bank will increase or decrease by the yearly EVA performance achieved and the pay-outs made from the bonus bank.

G6. Discontinued Operation

Accounting policies

A discontinued operation is a component of the Group's business that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations.

Details of SCM's key accounting policies are disclosed in SCM's publicly available financial statements.

In September 2020, SCM issued a 5-for-1 Rights Issue at a Rights Issue Price of S$0.20 per share. The Company subscribed S$1.5 billion of the Rights Shares by setting off the S$1.5 billion outstanding under its Subordinated Loan extended to SCM.

On September 11, 2020, the Company demerged SCM via a distribution in specie of the Company's shares in SCM to its ordinary shareholders as dividend (the Distribution) and SCM ceased to be a subsidiary. Subsequently, the secured bonds were fully redeemed by the Company in November 2020 and an amount of S$6.5 million was paid to a related corporation for the early redemption (Note G5).

The results of SCM were reported in 2020 as a discontinued operation. SCM was previously reported under the Marine segment which focused principally on providing integrated solutions for the offshore and marine industry with key capabilities in rigs and floaters, repairs and upgrades, offshore platforms and specialised shipbuilding.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G6. Discontinued Operation *(cont'd)*

Financial performance

The loss from discontinued operation, net of tax of S$1,300 million included SCM's net loss of S$330 million (of which the Group's share was S$184 million) as well as loss on distribution of S$970 million.

In 2020, the basic and diluted[1] loss per share from discontinued operations were 64.65 cents per share. Earnings (loss) per share is computed using a weighted average number of shares and an adjusted weighted number of shares in Note B5(b).

[1] In computing the fully diluted earnings per ordinary shares, the weighted average number of shares was not adjusted for the effects of all dilutive potential ordinary shares as at December 31, 2020 as these potential ordinary shares were antidilutive.

Carry value of the distribution in specie

The financial effects arising from the distribution in specie of discontinued operation are as follows:

(S$ million)	2020
Net assets distributed	3,894
Less: Non-controlling interest	(1,208)
Realisation of capital reserves upon distribution	(125)
	2,561
Distribution in specie (less transaction costs of S$6 million)	(1,591)
Loss on the Distribution	(970)
Consideration received	–
Less: Cash of subsidiary companies distributed	(1,309)
Net cash outflow on distribution in specie	(1,309)

Cash flow information

The cash flows attributable to the discontinued operation for the year ended December 31, 2020 are as follows:

(S$ million)	Group 2020
Operating cash flow	(357)
Investing cash flow	(63)
Financing cash flow	1,341
Net cash inflows	921

Share-based Incentive Plans

Details of SCM's share plans is disclosed in the SCM's publicly available financial statements.

H. Other Disclosures

H1. Other Financial Assets and Liabilities

Accounting policies

Classification and Measurement

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classifies financial liabilities as measured at amortised cost or FVTPL.

Equity Investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The Group's equity investments are classified as FVOCI. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets and liabilities at FVTPL

All other financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI, as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial liability is classified as FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial assets and financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Derecognition

The Group derecognises a financial asset when a) the contractual rights to the cash flows from the financial asset expire, or b) when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or if the Group neither transfers nor retains substantially all of the risks and rewards of ownership, it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its balance sheet but retains either all or substantially all of its risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantively different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

Notes to the Financial Statements

H. Other Disclosures *(cont'd)*

H1. Other Financial Assets and Liabilities *(cont'd)*

(S$ million)	Note	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current
2021					
At FVOCI:					
– Equity shares		–	53	–	–
At FVTPL:					
– Cross currency swaps		–	5	–	9
– Interest rate swaps		–	3	–	*
– Forward foreign exchange contracts		1	–	1	–
– Foreign exchange swap contracts		*	–	–	–
– Mutual funds	(i)	85	28	–	–
– Other derivatives		26	*	7	*
		112	36	8	9
Hedge of net investment in foreign operations:					
– Forward foreign exchange contracts		1	5	–	9
Cash flow hedges:					
– Forward foreign exchange contracts		1	*	2	*
– Fuel oil swaps		204	8	48	2
– Interest rate swaps		–	3	–	36
– Cross currency swaps		26	–	–	–
– Electricity futures market contracts		–	–	29	–
		231	11	79	38
Fair value hedges:					
– Forward foreign exchange contracts		8	–	–	–
At amortised cost:					
– Long-term fixed deposits		–	114	–	–
Total		352	219	87	56

(S$ million)	Note	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current
2020					
At FVOCI:					
– Equity shares		–	71	–	–
At FVTPL:					
– Cross currency swaps		–	10	–	–
– Interest rate swaps		–	–	*	*
– Foreign exchange option contracts		*	–	–	–
– Forward foreign exchange contracts		–	–	1	–
– Foreign exchange swap contracts		1	–	–	–
– Fuel oil swaps		–	–	*	*
– Equity shares	(ii)	8	–	–	–
– Mutual funds	(i)	90	18	–	–
– Other derivatives		3	2	2	1
		102	30	3	1
Hedge of net investment in foreign operations:					
– Forward foreign exchange contracts		*	4	–	8
Cash flow hedges:					
– Forward foreign exchange contracts		3	–	11	2
– Fuel oil swaps		42	5	24	1
– Interest rate swaps		–	–	–	86
– Cross currency swaps		1	16	–	–
– Commodity contracts		4	–	–	–
– Electricity futures market contracts		*	–	2	–
		50	21	37	89
Fair value hedges:					
– Forward foreign exchange contracts		7	–	*	–
At amortised cost:					
– Long-term fixed deposits		–	124	–	–
Total		159	250	40	98

i. Included in mutual funds are amounts of S$83 million (2020: S$85 million) pledged to secure loan facilities.

ii. The Group was deemed to have lost control of SJW, and SJW's net assets were deconsolidated and recognised as other financial assets since 2019. In May 2021, the Group divested its interests in SJW.

Notes to the Financial Statements

H. Other Disclosures *(cont'd)*

H2. Provisions

Accounting policies

A provision is an amount set aside based on reliable estimate to settle a probable legal or constructive obligation from a past event.

Key estimates and judgements

Estimates of the Group's obligations arising from contracts or regulations that exist as at balance sheet date may be affected by future events, which cannot be predicted with any certainty. The assumptions and estimates are made based on the management's knowledge and experience and may vary from actual experience so that the actual liability may vary considerably from the best estimates.

Certain of the Group's subsidiaries are involved in claims, litigations, land disputes and other regulatory matters in certain countries at year end. Due to the nature of these disputes and matters, and in view of the uncertainty of the outcome, the Group believes that the amount of exposure cannot currently be reliably determined. Therefore, no provision has been recorded for these.

Provision for restoration cost

The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration provisions. Those estimates and assumptions deal with uncertainties such as changes to the relevant legal and regulatory framework, the timing, extent and costs required. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions recognised are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the balance sheet by adjusting both the asset and provision. Such changes give rise to a change in future depreciation and interest charges.

Movements in provisions are as follows:

(S$ million)	Note	Claims (i)	Restoration costs (ii)	Remediation of legacy sites (iii)	Warranty	Others (iv)	Total
Group							
2021							
Balance at January 1		12	29	4	–	19	64
Translation adjustments		*	*	(1)	–	*	(1)
Provisions made during the year		*	16	30	–	9	55
Provisions reversed during the year		(3)	(2)	–	–	*	(5)
Provisions utilised during the year		(1)	(1)	(1)	–	(7)	(10)
Unwind of accretion on restoration costs	C6	–	1	–	–	–	1
Balance at December 31		8	43	32	–	21	104
Provisions due:							
– within 1 year		8	14	10	–	8	40
– after 1 year but within 5 years		–	–	22	–	13	35
– after 5 years		*	29	–	–	–	29
		8	43	32	–	21	104
2020							
Balance at January 1		12	105	–	42	17	176
Translation adjustments		*	(1)	*	*	*	(1)
Provisions made during the year		4	5	4	1	5	19
Provisions reversed during the year		(3)	*	–	(4)	–	(7)
Provisions utilised during the year		(1)	(2)	–	*	(1)	(4)
Disposal of subsidiaries		–	–	–	–	(2)	(2)
Distribution of a subsidiary		–	(79)	–	(39)	–	(118)
Unwind of accretion on restoration costs		–	1	–	–	–	1
Balance at December 31		12	29	4	–	19	64
Provisions due:							
– within 1 year		12	4	4	–	6	26
– after 1 year but within 5 years		–	–	–	–	13	13
– after 5 years		–	25	–	–	–	25
		12	29	4	–	19	64

Notes to the Financial Statements

H. Other Disclosures *(cont'd)*

H2. Provisions *(cont'd)*

(S$ million)	Claims (i)	Restoration costs (ii)	Others (iv)	Total
Company				
2021				
Balance at January 1	9	13	–	22
Provisions made during the year	*	15	1	16
Provisions reversed during the year	(3)	(2)	–	(5)
Provisions utilised during the year	(2)	*	–	(2)
Balance at December 31	4	26	1	31
Provisions due:				
– within 1 year	4	14	1	19
– after 5 years	–	12	–	12
	4	26	1	31
2020				
Balance at January 1	11	10	–	21
Provisions made during the year	1	3	–	4
Provisions reversed during the year	(2)	–	–	(2)
Provisions utilised during the year	(1)	–	–	(1)
Balance at December 31	9	13	–	22
Provisions due:				
– within 1 year	9	2	–	11
– after 5 years	–	11	–	11
	9	13	–	22

i. Provision for claims relates to the obligations arising from contractual and commercial arrangements in the Group's and the Company's operations, based on the best estimate of the possible outflow considering both contractual and commercial factors.

ii. Restoration costs relate to cost of dismantling and removing assets and restoring the premises to its original condition as stipulated in the agreements. The liability is expected to be incurred upon fulfilment of restoration obligation or termination of the lease.

iii. This relates to remediation obligations of certain legacy sites in UK, which are expected to be utilised within one to three years. This provision has been determined with reference to external quotes from suppliers as well as management's best estimate of the costs to complete the remediation works.

iv. Others for the Group include provision for maintenance obligation based on contractual obligations to maintain the infrastructure and equipment to specified levels of serviceability under the service concession agreements. These provisions are measured at the best estimate of the expenditure required and timing of outflows, to settle the present obligation at the end of each reporting period.

Others for Company relates to incremental costs necessary to fulfil the obligation under the contract on early termination to cease the incineration plant business.

H3. Subsequent Events

On January 28, 2022, the Group announced the completion of the acquisition of a 35% interest in an associated company, SDIC New Energy Investment Co., Ltd. The equity consideration was RMB1.5 billion (approximately S$320 million). The acquisition is expected to be earnings accretive commencing from financial year ending December 31, 2022.

On February 21, 2022, the Group entered into a conditional sale and purchase agreement to divest its entire 30% interest in an associated company, Subic Water and Sewage Co, Inc for USD9.7 million (approximately S$13 million).

H4. New or Revised Accounting Standards and Interpretations Not Yet Effective

The following new SFRS(I)s, amendments to and interpretations of SFRS(I)s are effective for annual periods beginning after January 1, 2021:

Applicable to 2022 financial statements
- *Amendments to SFRS(I) 3 Reference to the Conceptual Framework*
- *Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract*
- *Amendments to SFRS(I) Annual Improvements to SFRS(I)s 2018 – 2022*

Applicable to 2023 financial statements
- *SFRS(I) 17 Insurance Contracts*
- *Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current*
- *Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies*
- *Amendments to SFRS(I) 1-8 Definition of Accounting Estimates*
- *Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Mandatory effective date deferred
- *Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group does not expect significant impact on the financial statements upon the adoption of these new SFRS(I)s.

Notes to the Financial Statements

I. Supplementary Information

I1. Interested Person Transactions

(Under SGX-ST Listing Manual requirements)

For the purposes of Chapter 9 of the SGX-ST Listing Manual, shareholders' approval is required for any interested person transaction of a value equal to, or more than 5% of the Group's latest audited consolidated net tangible assets (NTA) or when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than 5% of the Group's latest NTA. For 2021, the 5% Group's consolidated NTA as at December 31, 2020 was S$149 million.

Chapter 9 however permits the Company to obtain a shareholders' mandate for recurrent transaction of a revenue or trading nature or those necessary for its day-to-day operations. At the Annual General Meeting held on April 2021, the Company obtained approval for such shareholders' mandate.

Transactions under shareholders' mandate

(S$ million)	Nature of relationship	Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) 2021
Sale of Goods and Services		
Mapletree Investments Pte Ltd and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	3.2
PSA International Pte Ltd and its Associates		5.1
Singapore Power Limited and its Associates		2.4
Singapore Telecommunications Ltd and its Associates		173.9
CapitaLand Ltd and its Associates		2.9
Olam International Ltd and its Associates		2.5
SATS Ltd and its Associates		0.2
SMRT Corporation and its Associates		3.6
Singapore Technologies Telemedia Pte Ltd and its Associates		0.2
Singapore Technologies Engineering Ltd and its Associates		1.0
Sembcorp Marine Ltd and its Associates		29.2
		224.2
Purchase of Goods and Services		
Singapore Power Limited and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	8.3
Surbana-Jurong Private Limited and its Associates		3.1
Singapore Telecommunications Ltd and its Associates		2.1
Starhub Ltd and its Associates		1.5
Temus Pte Ltd and its Associates		0.4
		15.4
Obtaining Support Services		
Temasek International Pte Ltd	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	0.7
		240.3

Transactions not under shareholders' mandate

(S$ million)	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2021
Receipt of Grant for Feasibility Study		
Temasek Capital Management Pte Ltd	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	1.0
Joint Development Agreement		
Singapore Technologies Telemedia Pte Ltd and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	0.6
		1.6

I2. List of Properties

Corporate and Others

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest
Singapore				
30 Hill Street	Office	Freehold land and building	11,410	100%

Urban

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest	Status
China					
Industrial & Business Properties					
1. International Water Hub, Nanjing	Office & exhibition centre	Leasehold 50 years from 2015	36,489[1]	100%	Completed development
2. Jiangdao Intelligent Cube, Nanjing	Incubator	Leasehold 50 years from 2012	78,972	21.5%	Completed development
3. Jiangdao Technology Innovation Centre, Nanjing	Office & exhibition centre	Leasehold 50 years from 2012	49,340	21.5%	Completed development
4. Wuxi-Singapore Industrial Park	Ready-built factories	Leasehold 50 years from 1995	456,821	45.4%	Completed development
5. Wuxi-Singapore Industrial Park	Built-to-specs factories	Leasehold 50 years from 2006	152,952	45.4%	Completed development

[1] Gross floor area excludes carpark and basement area

Notes to the Financial Statements

I. Supplementary Information *(cont'd)*

I2. List of Properties *(cont'd)*

Urban *(cont'd)*

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest	Status
China					
Commercial & Residential Properties					
1. Jiangdao Xin Tiandi, Nanjing	Retail	Leasehold 40 years from 2012	66,274	21.5%	Under development
2. Jiangdao Hua Ting, Nanjing	Residential	Leasehold 70 years from 2012	7,718	21.5%	Completed development
3. Modena by Fraser, Wuxi New District	Service apartment	Leasehold 40 years from 2008	11,056	45.4%	Completed development
Indonesia					
Industrial & Business Properties					
1. Kendal Industrial Park, Central Java	Ready-built factories	Leasehold 30 years from 2015	1,836	49.0%	Completed development
Vietnam					
Industrial & Business Properties					
1. VSIP Binh Duong I	Ready-built factories	Leasehold 50 years from 1996	57,813	49.3%	Completed development
2. VSIP Binh Duong II	Ready-built factories	Leasehold 50 years from 2005	25,016	49.3%	Completed development
3. VSIP Binh Duong II-A	Ready-built factories	Leasehold 50 years from 2008	78,961	49.3%	Completed development
4. VSIP Nghe An	Ready-built factories	Leasehold 50 years from 2015	8,810	49.3%	Completed development
5. VSIP Hai Phong	Ready-built factories	Leasehold 50 years from 2008	30,051	49.3%	Completed development
6. VSIP Bac Ninh	Ready-built factories	Leasehold 50 years from 2007	37,035	46.5%	Completed development
7. VSIP Bac Ninh Flatted Factory	Flatted factory	Leasehold 50 years from 2007	16,136	46.5%	Completed development
8. SIS Hai Phong Phase I	Warehouses	Leasehold 44 years from 2014	15,000	52.5%	Completed development
9. SIS Hai Phong Phase II	Warehouses	Leasehold 43 years from 2016	14,279	52.5%	Completed development
10. SIS Hai Phong Phase III	Warehouses	Leasehold 40 years from 2018	13,200	52.5%	Completed development
11. SIS Hai Duong	Warehouses	Leasehold 38 years from 2020	15,490	52.5%	Under development

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest	Status
Vietnam *(cont'd)*					
Commercial & Residential Properties					
1. VSIP Binh Duong II-A	Retail	Leasehold 50 years from 2008	1,118	49.3%	Completed development
2. VSIP Plaza, Quang Ngai	Retail	Leasehold 50 years from 2012	3,062	49.3%	Completed development
3. VSIP Hai Phong	Retail	Leasehold 50 years from 2008	421	46.5%	Completed development
4. Hai Phong Gateway	Retail	Leasehold 50 years from 2008	342	46.5%	Completed development
5. VSIP Bac Ninh	Shophouses	Leasehold 50 years from 2007	680	46.5%	Completed development
6. Sun Casa, Binh Duong	Residential & shophouses	Leasehold 50 years from 2008	3,506	49.3%	Completed development
7. Sun Casa Central I, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	38,114	49.3%	Completed development
8. Bel Homes, Hai Phong	Residential & shophouses	Leasehold 50 years from 2008	5,797	46.5%	Completed development
9. Sun Casa Central II, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	76,128	49.3%	Under development
10. The Habitat Binh Duong II	Residential & retail	Leasehold 45 years from 2018	815	51.6%	Completed development

Additional Information on Directors Seeking Re-election

Name of Director	Tham Kui Seng	Ajaib Haridass	Tow Heng Tan
Date of appointment	June 1, 2011	May 1, 2014	June 1, 2021
Date of last re-appointment	April 18, 2019	April 18, 2019	N.A.
Age	64	72	66
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The process for the re-election of directors is set out in the Corporate Governance Statement	The process for the re-election of directors is set out in the Corporate Governance Statement	The process for the re-election of directors is set out in the Corporate Governance Statement
Whether appointment is executive, and if so, the area of responsibility	No	No	No
Job Title (e.g., Lead ID, AC Chairman, AC Member etc.)	Non-executive & Independent Director Member • Executive Committee • Executive Resource & Compensation Committee	Non-executive & Independent Director Chairman • Risk Committee Member • Audit Committee	Non-executive & Non-independent Director Member • Executive Committee
Professional qualifications	First class honours in Engineering Science, University of Oxford, UK	Bachelor of Laws (Honours), University of London, UK Barrister-at-Law, the Honourable Society of the Middle Temple, UK	Chartered Accountant, the Institute of Singapore Chartered Accountants. Fellow of: • the Association of Chartered Certified Accountants, UK • the Chartered Institute of Management Accountants, UK
Working experience and occupation(s) during the past 10 years	Director of several listed companies including: • Banyan Tree Holdings (2012–2021) • The Straits Trading Company (2009-2018) CapitaLand • Chief Corporate Officer (2002–2008)	Haridass Ho & Partners • Consultant and Advocate & Solicitor	Pavilion Capital International • Chief Executive Officer
Shareholding interest in the listed issuer and its subsidiaries	Sembcorp Industries: 145,200 ordinary shares	Sembcorp Industries: 137,000 ordinary shares* * Of the 137,000 shares, 5,000 shares are held in the name of Bank of Singapore and 100,000 shares are held in the name of Bank Julius Baer & Co	Sembcorp Industries: 22,715 ordinary shares* * Deemed interest in the shares held in the name of his wife
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and / or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Chief Executive Officer of Pavilion Capital International, wholly-owned by Temasek Holdings, which is a substantial shareholder of the Company

Name of Director	Tham Kui Seng	Ajaib Haridass	Tow Heng Tan
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	• Banyan Tree Holdings • Global Logistic Properties • Sembcorp Design and Construction • Singapore Land Authority • Straits Real Estate • Temasek International Advisors • The Straits Trading Company • Senior Advisor, Frasers Centrepoint	• Sembcorp Marine • Small Claims Tribunal of the State Court of Singapore	• Autumn Bloom Investments • Centre for Asset Management Research & Investments (CAMRI), NUS Business School • ComfortDelGro Corporation • Keppel Capital Holdings • Keppel Corporation • Lanting Investments • National Council of Social Service (NCSS) • ST Asset Management
Present	Listed companies • Sembcorp Industries Non-listed companies • Avanda Investment Management • Peachwood & Co • Sembcorp Properties Major Appointments (other than Directorship) • Advisor, Mellford • Executive Committee on Airport Development, Changi Airport Group	Listed companies • Sembcorp Industries • Manhattan Resources • Nam Cheong Non-listed companies • Asia Lime • Brahler ICS • Carmeuse Eastern • Coromandel Minerals • Eastern Energy • Eastern Energy Chartering • Fuji Royal • Grande Ikon • Imperial Gloucester • Inia Holdings • Insurexcellence Advisors • Jaldhi Overseas • Kamichiku International • Karim Capital • L7H Natural Resources • M&L Manager • Oman Lime • OND • Orion Seagull NDT • Otago Holdings • Precious Shipping Group of Companies • Singapore LNG Corporation • Swiwar Offshore • Valency International • Victor Investment Holdings • Yavana Investments	Listed companies • Sembcorp Industries Non-listed companies • ABC World Group of Companies • Fullerton Financial Holdings • National Healthcare Group • Pavilion Capital Holdings Group of Companies • Temasek Trust Major Appointments (other than Directorship) • Member, Investment Committee, Temasek Trust

Additional Information on Directors Seeking Re-election

Information required pursuant to Listing Rule 704(7)

Name of Director	Tham Kui Seng	Ajaib Haridass	Tow Heng Tan
a. Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b. Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the grounds of insolvency?	No	No	No
c. Whether there is any unsatisfied judgment against him?	No	No	No
d. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e. Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f. Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g. Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
i. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j. Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
k. Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

Shareholding Statistics

As at March 2, 2022

Statistics of Shareholders

Issued and fully paid-up capital:	S$565,571,683.28
Number of issued shares:	1,787,547,732
Number / percentage of treasury shares:	7,082,426 (0.40%)
Number of shareholders:	38,959
Class of shares:	Ordinary shares with equal voting rights[1]

Shareholdings Held by the Public

Based on information available to the company as at March 2, 2022, 50.41%[2] of the issued ordinary shares of the company is held by the public and therefore, the company has complied with Rule 723 of the SGX-ST Listing Manual.

Substantial Shareholder

Substantial Shareholder	Direct Interest	Indirect Interest	Total	%[2]
Temasek Holdings (Private) Limited	871,200,328	10,244,275[3]	881,444,603	49.51

Top 20 Shareholders

No.	Name	No. of Ordinary Shares Held	%[2]
1	Temasek Holdings (Private) Limited	871,200,328	48.93
2	Citibank Nominees Singapore Pte Ltd	186,939,735	10.50
3	Raffles Nominees (Pte) Limited	93,587,688	5.26
4	DBS Nominees (Private) Limited	83,271,160	4.68
5	DBSN Services Pte Ltd	74,053,195	4.16
6	HSBC (Singapore) Nominees Pte Ltd	26,276,536	1.48
7	United Overseas Bank Nominees Private Limited	21,811,270	1.23
8	BPSS Nominees Singapore (Pte.) Ltd.	16,683,118	0.94
9	OCBC Nominees Singapore Private Limited	11,742,696	0.66
10	Morgan Stanley Asia (Singapore) Securities Pte Ltd	10,045,002	0.56
11	Startree Investments Pte Ltd	9,400,000	0.53
12	Phillip Securities Pte Ltd	5,521,982	0.31
13	OCBC Securities Private Ltd	5,488,872	0.31
14	Tang Kin Fei	4,746,612	0.27
15	Maybank Securities Pte Ltd	4,717,758	0.25
16	Heng Siew Eng	4,407,000	0.25
17	UOB Kay Hian Private Limited	4,193,943	0.24
18	CGS-CIMB Securities (Singapore) Pte Ltd	3,784,905	0.21
19	IFAST Financial Pte Ltd	3,097,214	0.17
20	DBS Vickers Securities (Singapore) Pte Ltd	2,552,963	0.14
		1,443,521,977	81.08

[1] Ordinary shares purchased and held as treasury shares by the company will have no voting rights

[2] The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the company as at March 2, 2022 excluding 7,082,426 ordinary shares held as treasury shares as at that date

[3] Temasek is deemed to be interested in the 10,244,275 ordinary shares in which its subsidiaries and / or associated companies have or are deemed to have an interest pursuant to Section 7 of the Companies Act 1967

Analysis of Shareholdings

Range of Shareholdings	No. of Ordinary Shareholders	%	No. of Ordinary Shares Held (Excluding Treasury Shares)	%
1 – 99	722	1.85	29,820	0.00
100 – 1,000	6,526	16.75	5,223,737	0.29
1,001 – 10,000	25,690	65.94	106,101,966	5.96
10,001 – 1,000,000	5,991	15.38	212,580,658	11.94
1,000,001 and above	30	0.08	1,456,529,125	81.81
	38,959	100.00	1,780,465,306	100.00

Corporate Information

Registered Office
30 Hill Street #05-04
Singapore 179360
Tel: (65) 6723 3113
Website: www.sembcorp.com

Board of Directors
Ang Kong Hua
Chairman

Tham Kui Seng
Ajaib Haridass
Nicky Tan Ng Kuang
Yap Chee Keong
Dr Josephine Kwa Lay Keng
Nagi Hamiyeh
Lim Ming Yan
Tow Heng Tan *(Appointed on June 1, 2021)*

Wong Kim Yin
Group President & CEO

Executive Committee
Ang Kong Hua
Chairman

Tham Kui Seng
Nicky Tan Ng Kuang
Nagi Hamiyeh
Tow Heng Tan *(Appointed on June 1, 2021)*
Wong Kim Yin

Audit Committee
Yap Chee Keong
Chairman

Ajaib Haridass
Lim Ming Yan

Risk Committee
Ajaib Haridass
Chairman

Yap Chee Keong
Lim Ming Yan

Executive Resource & Compensation Committee
Ang Kong Hua
Chairman

Tham Kui Seng
Nicky Tan Ng Kuang
Lim Ming Yan *(Appointed on June 1, 2021)*

Nominating Committee
Ang Kong Hua
Chairman

Nicky Tan Ng Kuang
Nagi Hamiyeh

Technology Advisory Panel
Ang Kong Hua
Chairman

Dr Josephine Kwa Lay Keng
Nicky Tan Ng Kuang
Lim Ming Yan
Prof Ng How Yong
Prof Lui Pao Chuen
Wong Kim Yin

Company Secretary
Tan Yen Hui

Registrar
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Auditors
KPMG LLP
Public Accountants and
Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Partner-in-Charge: Koh Wei Peng
(Appointed during the financial year ended December 31, 2019)

Investor Relations
investorrelations@sembcorp.com

Sustainability
sustainability@sembcorp.com

Glossary

AC	Audit Committee
ACRA	Singapore's Accounting and Corporate Regulatory Authority
AGM	annual general meeting
ASEAN	Association of Southeast Asian Nations
CAGR	compound annual growth rate
CCWC	Climate Change Working Committee
CDP	formerly known as Carbon Disclosure Project
the Code	Singapore's Code of Corporate Governance 2018
the Distribution	the distribution *in specie* of ordinary shares in the capital of Sembcorp Marine Limited by Sembcorp Industries to its shareholders which was completed on September 11, 2020
EBITDA	earnings before interest, tax, depreciation and amortisation EBITDA figures exclude major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs
EI	exceptional item(s)
ERCC	Executive Resource & Compensation Committee
ERM	enterprise risk management
ESG	environmental, social and governance
ExCo	Executive Committee
FRS	Financial Reporting Standards (Singapore)
FY	financial year
GHG	greenhouse gas
GRI	Global Reporting Initiative
GW	gigawatt unit measurement for capacity of electricity generation (in billion watts)
GWh	gigawatt hour unit measurement for electricity generated
ha	hectares
HSSE	health, safety, security and environment
IFRS	International Financial Reporting Standards
IAF	Integrated Assurance Framework
IPT	interested person transactions
IOGP	International Association of Oil and Gas Producers
JV	joint venture
KPI	key performance indicator
LOD	line of defence
m^3	cubic metres
m^3/day	cubic metres per day
MW	megawatt unit measurement for capacity of electricity generation (in million watts)
MWh	megawatt hour unit measurement for electricity generated; in battery storage systems, the maximum amount of stored energy delivered as electrical energy over a period of one hour
MWp	megawatt-peak unit measurement for maximum capacity of electricity generation, often used in reference to solar PV assets
NC	Nominating Committee
NIOSH	US' National Institute for Occupational Safety and Health
O&M	operations and maintenance
PLF	plant load factor
PV	photovoltaic
R&D	research and development
RC	Risk Committee
SDGs	Sustainable Development Goals
SFRS(I)	Singapore Financial Reporting Standards (International)
SLB	sustainability-linked bond
SGX	Singapore Exchange
SGXNet	Singapore Exchange's web-based platform that enables listed issuers to upload announcements
SGX-ST	Singapore Exchange Securities Trading
SSC	Sustainability Steering Committee
TAP	Technology Advisory Panel
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	tonnes of carbon dioxide equivalent unit measurement of absolute GHG emissions
tCO_2e/MWh	tonnes of carbon dioxide equivalent per megawatt hour unit measurement of GHG emissions intensity
UN	United Nations

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