sembcorp

Sembcorp Industries

Annual Report 2022

Contents

Group FY2022 Highlights#

Growing Renewables

Renewables capacity grew 60% year-on-year to **9.8GW**[1]

Commissioned **Southeast Asia's largest energy storage system** in six months

Increasing Land Bank

Higher orderbook achieved in 2022

Secured licences for Quang Tri Industrial Park, Vietnam Singapore Industrial Park (VSIP) Binh Duong III, VSIP Can Tho, and VSIP Nghe An (park II) in Vietnam

Accelerating Transformation

Sale of **Sembcorp Energy India Limited (SEIL)**, comprising two supercritical coal-fired power plants, **completed in January 2023**

Expanding Strategic Partnerships

Strategic collaborations with various corporations to progress **hydrogen and other decarbonisation initiatives**

Enhancing Financing Strategy

Tap on **sustainable financing** with **S$3.3 billion**[2] of funding secured

Turnover
▲21%
S$9,395m

EBITDA[3]
▲31%
S$1,687m

Adjusted EBITDA[4]
▲30%
S$1,935m

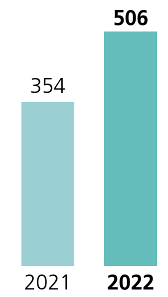
Net Profit before EI
▲87%
S$883m

Return on Equity before EI
▲76%
22.7%

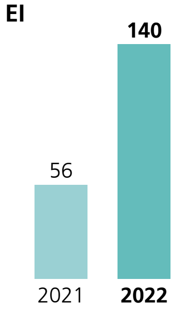
Dividends Per Share
▲140%
12 SG cents

Renewables

Turnover
▲43%
S$506m



Net Profit before EI
▲150%
S$140m



Integrated Urban Solutions

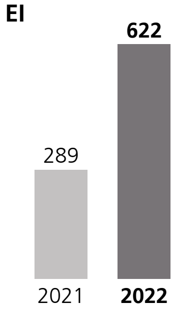
Turnover
▼5%
S$444m

Net Profit before EI
▼5%
S$148m

Conventional Energy *(Continuing Operations)*

Turnover
▲24%
S$6,547m

Net Profit before EI
▲115%
S$622m



EBITDA: earnings before interest, tax, depreciation and amortisation EI: exceptional items m: million

Group Financials shown include discontinued operation, unless otherwise stated. On November 8, 2022, shareholders of the Company approved the sale of SEIL. Consequently, SEIL was classified as a disposal group held for sale and as a discontinued operation, with comparative information of its financial performance re-presented accordingly. The sale of SEIL was completed on January 19, 2023

1 As at December 31, 2022, including acquisitions pending completion

2 Since the launch of our Green Financing Framework and Sustainable Financing Framework in 2021. Sustainable financing includes green and sustainability-linked financing

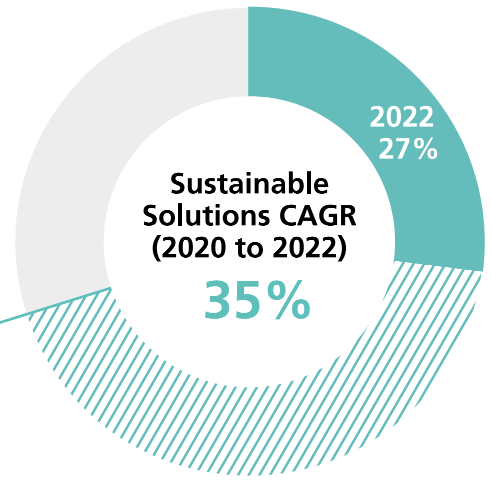
3 EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

4 Adjusted EBITDA = reported EBITDA + share of results of associates and joint ventures, net of tax

Our Transformation: From Brown to Green

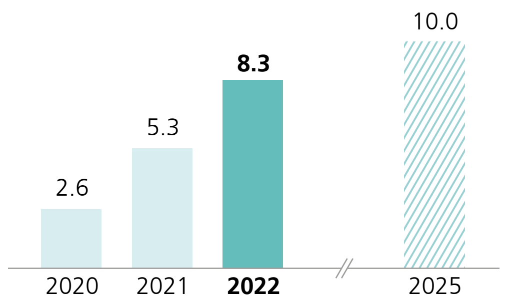
MORE Sustainable

% share of net profit from Sustainable Solutions[1]



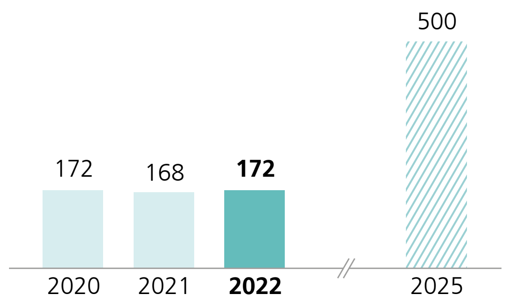
MORE Renewables

Gross installed capacity[2], GW



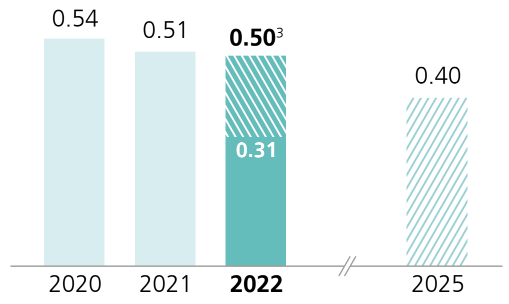
MORE Sustainable Urban Developments

Annual land sales, ha



LOWER Carbon Emissions

Emissions intensity, tCO_2e/MWh



Leading Asian Renewable Energy Player

- Geographically diversified renewables portfolio across key markets
- Leading wind renewables player with one of the largest portfolios under self-O&M in India
- Operator of Southeast Asia's largest energy storage system located in Singapore

Renewables	**9.8 GW**
Wind	5,677 MW
Solar	3,385 MW
Energy Storage	709 MWh

CAGR: compound annual growth rate GW: gigawatt ha: hectare MW: megawatt MWh: megawatt-hour tCO_2e/MWh: tonnes of carbon dioxide equivalent per megawatt-hour

[1] Before 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] 2021 and 2022 figures include acquisitions announced during the financial year

[3] Includes emissions from Sembcorp Energy India Limited (SEIL). The sale of SEIL was completed on January 19, 2023. 2022 pro forma carbon emissions intensity (Scope 1 and 2) excluding SEIL is 0.31 tCO_2e/MWh. With effect from January 2023, the proportional emissions of SEIL will be accounted for under Scope 3 (Category 15 – Investments)

Chairman and CEO's Statement

Message from the Chairman

Dear Shareholders,

I will be retiring from the board at the upcoming annual general meeting on April 20, 2023. Post the demerger with Sembcorp Marine and almost two years into our brown to green transformation journey, this is an appropriate juncture for me to step down and hand over the helm to Mr Tow Heng Tan.

It has been a rewarding and fulfilling journey serving as Chairman of Sembcorp. I am grateful and privileged to have contributed to and witnessed the transformation of Sembcorp. Through the years, Sembcorp has exhibited resilience, embraced change and built up its capabilities to emerge as a growing regional renewable energy and integrated urban solutions leader, well-positioned to take on the opportunities and challenges of the future.

I am immensely thankful to have worked with so many committed and talented members of the Sembcorp's board and management over the years. To our shareholders, thank you for your support during my tenure as Chairman. Heng Tan brings with him extensive business management experience and a passion for sustainability. I am confident that under his leadership, Sembcorp will continue to deliver performance and growth and importantly, play a part in building a sustainable future.

Ang Kong Hua

As a leading Asian renewable energy player, Sembcorp plays a key role in the shift towards a sustainable and clean energy future.

Wong Kim Yin
Group President & CEO

Ang Kong Hua
Chairman

We continued the build-out of our renewables portfolio and our gross renewables capacity has more than tripled from 3.2GW in 2020 to 9.8GW.

Dear Shareholders,

2022 was a period of transiting and navigating to a new normal, with pandemic measures lifted across most economies. The rapid post-pandemic economic rebound outpaced energy supply, leading to higher energy prices. This escalated into a widespread global energy crisis following the Russia-Ukraine war.

While governments have resorted to emergency measures to tackle immediate challenges, it is paramount to increase investments and support the deployment of renewable energy, to accelerate the transition to a low-carbon economy. As a leading Asian renewable energy player, Sembcorp plays a key role in the shift towards a sustainable and clean energy future.

Delivering Strong Financial Performance

Sembcorp delivered a strong set of 2022 results, amidst a volatile market environment. Underlying Group net profit was S$883 million, compared to S$472 million in 2021. With the approval of the sale of Sembcorp Energy India Limited (SEIL) in November 2022, SEIL's contribution is now classified as a discontinued operation. Excluding discontinued operation, underlying Group net profit increased 129% to S$739 million, driven by the Conventional Energy and Renewables segments, which grew by 115% and 150% respectively. Net profit from the Integrated Urban Solutions segment remained stable. Exceptional items totalling negative S$35 million were recorded in the year, compared to exceptional items of negative S$193 million in 2021. Group net profit from continuing operations after exceptional items was S$704 million compared to S$130 million in 2021.

Given the Group's strong operational results, the board has proposed a final dividend of 4 cents and a special dividend of 4 cents per ordinary share, subject to shareholders' approval. Together with the interim dividend paid out in August 2022, this brings our total dividend for the year to 12 cents per ordinary share, an increase of 140% from 5 cents in 2021. With a 69% increase in our share price during the year, our total shareholder return (TSR) was 73%, significantly outperforming the benchmark Straits Times Index's TSR of 8%.

Segment Highlights

On track to achieve 2025 renewables target

We continued the build-out of our renewables portfolio, securing 3.6GW of renewables capacity through acquisitions and organic growth in 2022.

Capacity of our solar portfolio in Singapore reached 551MWp, contributing to more than a third of the nation's 2025 target of 1.5GWp. During the year, we secured the 75MWp SolarNova 7 project, in addition to other commercial and industrial contracts.

We strengthened our presence in China, and successfully completed the acquisition of a 35% stake in SDIC New Energy and a 98% stake in Shenzhen Huiyang New Energy. In November 2022, we announced the acquisitions of 795MW of solar assets through 49%-owned joint venture Beijing Energy Sembcorp (Hainan) International Renewables and an 892MW portfolio held through a 45.3% stake in Hunan Xingling New Energy in China. Hunan Xingling New Energy has since completed the acquisition of 792MW of the 892MW portfolio from Wuling Power, with the remaining 100MW expected to be completed in the first half of 2023. These projects further diversify our renewables portfolio geographically and open opportunities for us to pursue other renewables projects with our partners.

In India, we acquired a 100% interest in Vector Green, which holds 583MW of renewables assets. The acquisition brings significant utility-scale solar capacity to our India business, complementing our existing wind portfolio. It broadens and deepens our renewable energy capabilities and presence across states in India, positioning us well for further green growth in the country.

Our battery portfolio continues to grow. Our UK operational capacity increased to 120MWh with the commencement of an additional 50MWh battery portfolio in August 2022. In Singapore, a 285MWh energy storage system (ESS), Southeast Asia's largest ESS was successfully commissioned in six months. The facility on Jurong Island commenced operations in December 2022 and will enhance grid reliability and resilience. This is testament of our ability to replicate our capabilities from the UK to other markets. As the proportion of renewable power in the region increases, demand for ESS is expected to grow. With a further 304MWh under development, we are well-placed as one of Asia's largest battery operators with a battery storage portfolio totalling 709MWh.

With these developments, our gross renewables capacity has more than tripled from 3.2GW in 2020 to 9.8GW, including acquisitions pending completion.

Complementing Sembcorp's offering as a leading renewable energy player, we launched GoNetZero™, our carbon management solutions corporate venture at the 27th United Nations Climate Change Conference.

The Sembcorp ESS, Southeast Asia's largest ESS and fastest of its size to be deployed, was successfully commissioned in six months

Chairman and CEO's Statement

GoNetZero™ offers one-stop access to renewable energy certificates and carbon credits, as well as renewable energy and environmental attribute portfolio management. Collaborations with leading industry players including Oversea-Chinese Banking Corporation Limited, Razer and UBS were also announced with the launch of GoNetZero™.

Focusing on sustainable developments

The Urban business remained steady, recording 172 hectares (ha) of land sales and a net orderbook of 312ha, despite a weak market in China. We extended our lead in Vietnam's industrial park development sector, receiving licences for Quang Tri Industrial Park, Vietnam Singapore Industrial Park (VSIP) Binh Duong III, VSIP Can Tho as well as VSIP Nghe An (park II). The four projects awarded will collectively add 1,369ha of saleable land inventory to our portfolio.

In March 2022, we broke ground for VSIP Binh Duong III, marking a new smart and sustainable design concept that aligns with Sembcorp's focus on growing our portfolio of sustainable urban developments. A distinguishing feature of VSIP Binh Duong III is its planned 50ha onsite solar farm, offering grid reliability and sustainability benefits to large industrial tenants. LEGO Group will commence the construction of its first carbon-neutral factory in VSIP Binh Duong III, which is planned to be powered by renewable energy drawn from the solar farm installed by VSIP as well as solar panels installed onsite.

We also expanded our industrial properties portfolio, with new ready-built factories and warehouses, totalling over 155,000 square metres, in China and Vietnam. The properties, when completed, will enhance our recurring income portfolio, which is one of the strategic growth objectives for our Urban business.

With our combination of energy and urban development capabilities, we are ideally positioned to seize opportunities in the energy transition.

Sembcorp's wind power assets in Gujarat, India

Conventional Energy: transiting and preserving value

The sale of SEIL marked a major milestone in our brown to green transition. 99.95% of shareholders who voted were in favour of the sale during the extraordinary general meeting. We thank you for your support.

Both supercritical coal-fired power plants totalling 2.6GW in India were sold to Tanweer Infrastructure for a consideration of S$2.0 billion and the purchase consideration will be settled via a deferred payment note. The transaction structure was developed in accordance with the strategic commitments we have communicated and will preserve value for shareholders as well as protect the interests of SEIL's stakeholders. We will continue to support SEIL's operational excellence and initiatives to reduce its greenhouse gas emissions, through a technical services agreement. To underscore our commitment to sustainability, we have provided a financial incentive that rewards reduction in emissions intensity to Tanweer Infrastructure.

Looking Ahead in the Energy Transition

Hydrogen plays a vital role in the energy transition, to decarbonise the world's energy system. Green hydrogen, produced using renewable energy, holds significant promise to meet global energy demand, while contributing to climate action goals. It has the potential to be adopted across different sectors, and decarbonise hard-to-abate sectors.

During the year, we entered into strategic partnerships with Japan Bank for International Cooperation, Sojitz Corporation and IHI Corporation, to progress hydrogen and other decarbonisation initiatives. We are advancing our collaboration with Mitsubishi Corporation and Chiyoda Corporation with the commencement of pre-FEED studies for the development of hydrogen imports via methylcyclohexane, a type of liquid organic hydrogen carrier.

As the leading producer of renewable energy and the largest importer of natural gas in Singapore, we are well-positioned to support the government's ambition to develop hydrogen as a major decarbonisation pathway. We see ourselves playing a key role in green hydrogen production, given our growing renewables presence in the region.

Execution of Financing Strategy

Since the launch of our Green Financing Framework and Sustainable Financing Framework in 2021, we have successfully raised S$3.3 billion of funding from sustainable financing, with competitive margins achieved in a rising interest rate environment. This includes a five-year S$1.2 billion syndicated sustainability-linked revolving credit facility, the first and largest Singapore Overnight Rate Average-based facility for an energy company in Southeast Asia. The funds will support the Group's transformation strategy and our pursuit of growth plans in the Sustainable Solutions segment.

Acknowledgements

On behalf of the management and board, we would like to thank Mr Tham Kui Seng, who will be stepping down from our board at the forthcoming annual general meeting. Mr Tham has made a great contribution to the board, and his deep insights and wise counsel will be missed.

We would also like to express our thanks to shareholders, stakeholders and partners for their continued confidence and support for Sembcorp.

Our appreciation also goes to the thousands of employees globally for the outstanding efforts they have put in throughout the year.

Our focus on execution has yielded results and we have made tremendous progress in our brown to green transition in less than two years. Including acquisitions pending completion, we have achieved 9.8GW of gross renewables capacity installed and under development. With the divestment of SEIL, we would have met our 2025 carbon emissions intensity target ahead of time. Given the strong growth momentum, we are looking beyond 2025 and will communicate our revised strategy and targets to shareholders and investors later this year.

While the global economic outlook remains uncertain, the opportunities ahead are significant. With our combination of energy and urban development capabilities, we are ideally positioned to seize opportunities in the energy transition. Our commitment to transform our portfolio from brown to green and to be a leading provider of sustainable solutions is steadfast and we will continue to accelerate growth in our focus markets, to deliver lasting value for all our stakeholders.

Ang Kong Hua
Chairman
February 20, 2023

Wong Kim Yin
Group President & CEO
February 20, 2023

Note of Thanks to Outgoing Chairman

At the upcoming annual general meeting in April 2023, Mr Ang Kong Hua will be retiring from the board of Sembcorp. Mr Ang presided over the board during a period of transformation which saw the development and growth of Sembcorp into a leading provider of sustainable solutions, well-positioned for success in the global energy transition and sustainable development.

His chairmanship has been characterised by his visionary leadership, strong business acumen and focus on value creation driven by his deep sense of purpose and stewardship. From the internationalisation of Sembcorp's operations to the demerger of Sembcorp's stake in Sembcorp Marine, his leadership and guidance have played a pivotal role in Sembcorp's delivery of value and growth.

The company has benefitted from his wise counsel and the board and management of Sembcorp would like to record their gratitude and appreciation to Mr Ang for his tremendous contribution as Chairman of Sembcorp.

Group Financial Review

Financial Highlights

	2022[1]	2021[1]	Change (%)
For the year *(S$ million)*			
Turnover	**7,825**	6,408	22
Renewables	**506**	354	43
Integrated Urban Solutions	**444**	465	(5)
Sustainable Solutions[2]	**950**	819	16
Conventional Energy	**6,547**	5,292	24
Other Businesses and Corporate	**328**	297	10
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**1,308**	885	48
Share of results: associates and joint ventures, net of tax	**248**	206	20
Adjusted EBITDA	**1,556**	1,091	43
Profit before tax	**865**	274	216
Net profit before exceptional items	**739**	323	129
Renewables	**140**	56	150
Integrated Urban Solutions	**148**	155	(5)
Sustainable Solutions[2]	**288**	211	36
Conventional Energy	**622**	289	115
Other Businesses and Corporate	**(171)**	(177)	3
Exceptional items	**(35)**	(193)	82
Net profit from continuing operations	**704**	130	NM
Net profit from discontinued operation[1]	**144**	149	(3)
Net profit	**848**	279	204
Capital position *(S$ million)*			
Owners' funds	**3,977**	3,767	6
Total assets	**16,020**	14,395	11
Net debt	**5,816**	6,047	(4)
Operating cash flow	**1,652**	1,219	36
Free cash flow	**1,817**	1,335	36
Capital expenditure and equity investment	**1,747**	321	NM
Shareholder returns			
Net assets per share *(S$)*	**2.24**	2.12	6
Earnings per share *(cents)*	**47.59**	15.64	204
Earnings per share – continuing operations *(cents)*	**39.51**	7.29	NM
Dividends per share *(cents)*	**12.0**	5.0	140
Last traded share price *(S$)*	**3.38**	2.00	69
Total shareholder return *(%)*	**73**	20	265

NM: not meaningful

[1] Following shareholders' approval of the sale of Sembcorp Energy India Limited (SEIL), SEIL is classified as a disposal group held for sale and as a discontinued operation, with comparative information of its financial performance re-presented accordingly

[2] Sustainable Solutions include Renewables and Integrated Urban Solutions segments

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

Overview
Sembcorp achieved a strong performance in 2022, driven by higher contributions from the Conventional Energy and Renewables segments.

The Group has accelerated its portfolio transformation from brown to green with acquisitions in the Renewables segment and completion of the sale of SEIL, the coal-fired thermal power business in India, in January 2023. Following shareholders' approval of the sale of SEIL on November 8, 2022, SEIL was classified as a disposal group held for sale and as a discontinued operation.

Turnover
The Group achieved a turnover of S$7.8 billion from continuing operations, 22% higher compared to S$6.4 billion in 2021. The increase was driven by improvements across most segments.

Revenue from the Renewables segment increased 43% from S$354 million in 2021 to S$506 million in 2022. The higher turnover of the Renewables segment was mainly due to the acquisition of Shenzhen Huiyang New Energy (HYNE) in China and higher energy prices for the solar business in Singapore.

The Integrated Urban Solutions segment reported a turnover of S$444 million, marginally lower compared to S$465 million in 2021. The lower turnover was mainly due to the cessation of a waste collection contract in December 2021, mitigated by higher turnover from the water business in China.

The Conventional Energy segment achieved a turnover of S$6.5 billion, 24% higher than last year. The higher turnover was driven mainly by strong energy and power prices in Singapore and the UK.

The Other Businesses and Corporate segment reported a turnover of S$328 million, 10% higher compared to 2021, mainly from the resumption of business activities in the construction business.

Net profit
Group net profit from continuing operations before exceptional items grew 129% to S$739 million, due to better performance from the Conventional Energy and Renewables segments. In 2022, exceptional items totalling negative S$35 million were recognised for the impairment of assets in Singapore and China, impairment of investments in the UK and Vietnam for project expenses incurred by the companies, and impairment of joint ventures' (JV) underlying assets.

Including the discontinued operation, net profit before exceptional items in 2022 was S$883 million compared to S$472 million in 2021. Including the discontinued operation and exceptional items, the Group recorded a net profit of S$848 million, 204% higher than S$279 million in 2021.

The Renewables segment recorded a net profit before exceptional item of S$140 million in 2022 compared to S$56 million in 2021, driven mainly by contributions from completed acquisitions during the year in China, and higher margins driven by high energy prices for the Singapore solar business. This was offset by India's lower contributions due to lower sales of green attributes, net off by lower finance costs post-refinancing during the year. An exceptional item of negative S$8 million related to a write-off of an investment in Vietnam for project expenses incurred by the company was recorded in 2022.

Net profit before exceptional items from the Integrated Urban Solutions segment was S$148 million compared to S$155 million in 2021. The decline was mainly due to lower land and property sales in China due to a slowdown in the China market and the cessation of a public waste collection contract in the waste management business in Singapore. The lower profit contribution was mitigated by higher earnings from Wilton 11, our energy-from-waste plant in the UK, driven by higher power prices and the water business in China with the termination fee received from a customer. Exceptional items of negative S$8 million related to an impairment of a water asset in China, an impairment of an investment in the UK for project expenses incurred by the company and Urban's share of lower market valuations of underlying property assets in China were recorded in 2022.

In 2022, continuing operations of the Conventional Energy segment delivered a net profit of S$622 million before exceptional items compared to S$289 million in 2021, attributable to strong performance in Singapore and the UK due to higher power prices, optimisation of generation assets and fuel sources, as well as hedging gains recognised in Singapore.

The better performance was offset by higher expected credit loss (ECL) provision of S$84 million for Sembcorp Myingyan Power Company's (SMPC) service concession receivables following the regular assessment of credit risk under Singapore Financial Reporting Standards (International) (SFRS(I)) 9. Although there is no default on payment, management is of the view that the credit risk on the service concession receivables has increased significantly, taking into consideration forward-looking information on the risk of foreign currency shortages, a weakening economy and Myanmar being categorised as a high-risk jurisdiction by the Financial Action Task Force, with increased risk of economic and financial sanctions. Accordingly, lifetime ECL is applied on the service concession receivables of SMPC. 2022 exceptional items of negative S$19 million were related to the impairment of a woodchip boiler and other facilities in Singapore. In 2021, an exceptional item of negative S$199 million was recorded mainly due to an impairment of the Chongqing Songzao power plant.

The Other Businesses and Corporate segment reported a net corporate cost of S$171 million, 3% lower than 2021. This was attributable to higher progressive revenue recognised for the specialised construction business resulting in higher contribution, offset by higher corporate costs for capability building to drive the Group's transformation targets.

Cash flow and liquidity
As at December 31, 2022, the Group's cash and cash equivalents in the cash flow statement stood at S$1.2 billion. Net cash from operating activities before and after changes in working capital stood at S$1.7 billion. Compared to 2021, net cash from operating activities before changes in working capital improved on better operating performance. The improved working capital was mainly due to better collections.

Net cash used in investing activities was S$1.4 billion, mainly for the acquisitions of HYNE, associates and JVs (in the Renewables segment), as well as purchase of property, plant and equipment (PPE). Net cash used in financing activities was S$203 million, mainly for the repayment of borrowings and interest.

Financial position
Group shareholders' funds increased to S$4.0 billion as at December 31, 2022, from S$3.8 billion as at December 31, 2021. The increase was mainly due to higher profit for the year offset by the increased foreign currency translation loss mainly from the depreciation of the Indian rupee and Chinese yuan against the Singapore dollar.

Post-acquisition of HYNE in June 2022, the assets and liabilities of HYNE were consolidated. With effect from November 8, 2022, SEIL was classified as a disposal group held for sale and its assets and liabilities are presented as assets and liabilities held for sale, respectively.

Group Financial Review

Besides the impact from the consolidation of HYNE, the increase in total assets from S$14.4 billion to S$16.0 billion is attributable to the increase in PPE (continuing investment in the renewable power equipment to enhance the Group's energy sustainability portfolio), investment in associates and JVs (in the renewables business in China) as well as intangible assets (arising from the acquisition of HYNE for the power generation permits).

The above increase was offset by the lower receivables due to better collections from India.

Gross debt of S$7.1 billion as at December 31, 2022 represented the Group's borrowings excluding the discontinued operation which was reported under liability held for sale. Including SEIL's borrowings, total borrowings were S$8.2 billion. The increase in borrowings was mainly due to the consolidation of HYNE's underlying borrowings, and financing of acquisitions made during the year.

Shareholder returns

In 2022, return on equity of the Group's continuing operations was 18.2% and earnings per share amounted to 39.5 cents. Subject to approval by shareholders at the next annual general meeting, a final dividend of 4 cents per ordinary share and a special dividend of 4 cents per ordinary share have been proposed. Together with the interim dividend of 4 cents per ordinary share paid in August 2022, this brings the Group's total dividend for the financial year ended December 31, 2022, to 12 cents per ordinary share.

Five-year Financial Performance

	2022[1]	2021	2020[2]	2019	2018
For the year *(S$ million)*					
Turnover	**7,825**	7,795	5,447	9,618	11,689
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**1,308**	1,288	1,184	1,535	1,279
Share of results: associates and joint ventures, net of tax	**248**	206	233	184	174
Adjusted EBITDA	**1,556**	1,494	1,417	1,719	1,453
Profit before tax	**865**	423	211	295	420
Net profit from continuing operations	**704**	279	157	247	347
Discontinued operation (including loss on the Distribution)	**144**	–	(1,154)	–	–
Net profit	**848**	279	(997)	247	347
At year end *(S$ million)*					
Property, plant and equipment, and investment properties	**5,438**	7,232	7,339	12,331	11,782
Other non-current assets	**4,074**	3,230	3,219	4,826	5,215
Net current assets	**1,687**	1,028	877	83	748
Non-current liabilities	**(6,983)**	(7,572)	(7,959)	(9,361)	(9,807)
Net assets	**4,216**	3,918	3,476	7,879	7,938
Share capital and reserves	**3,977**	3,767	3,339	6,871	6,788
Non-controlling interests	**239**	151	137	1,008	1,150
Total equity	**4,216**	3,918	3,476	7,879	7,938
Per share					
Earnings *(cents)*	**47.59**	15.64	(56.81)	11.81	16.98
Net assets *(S$)*	**2.24**	2.12	1.87	3.85	3.80
Dividends *(cents)*	**12.0**	5.0	4.0	5.0	4.0

1 Following shareholders' approval of the sale of SEIL on November 8, 2022, the performance of SEIL for the period is reported under discontinued operation

2 Following the completion of the distribution *in specie* of ordinary shares in the capital of Sembcorp Marine 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

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

4 Excludes the results of the coal-fired thermal power business in India, following shareholders' approval of the sale of SEIL on November 8, 2022

5 The figures reflect data for continuing operations only

Value Added and Productivity Data

In 2022, the Group's total value added was S$2.2 billion. This was absorbed by employees in wages, salaries and benefits of S$485 million, by governments in income and other taxes of S$116 million and by providers of capital in interest, dividends and distribution of S$433 million, leaving a balance of S$1.1 billion reinvested in business.

Value added statement *(S$ million)*

	2022[4] Continuing operations	2021	2020	2019	2018
Value added from					
Turnover	**7,825**	7,795	5,447	9,618	11,689
Less: Bought-in materials and services	**(6,100)**	(6,115)	(4,075)	(7,458)	(9,699)
Gross value added	**1,725**	1,680	1,372	2,160	1,990
Investment, interest and other income	**299**	216	228	526	328
Share of results: associates and joint ventures, net of tax	**248**	206	233	184	174
Other non-operating expenses	**(96)**	(67)	(88)	(147)	(93)
	2,176	2,035	1,745	2,723	2,399
Distribution					
To employees in wages, salaries and benefits	**485**	494	396	820	759
To government in income and other taxes	**116**	62	37	233	149
To provider of capital in:					
Interest on borrowings	**309**	423	461	586	508
Dividends to owners	**124**	107	2,615	71	71
Profit attributable to perpetual securities holders	**–**	–	17	36	43
	1,034	1,086	3,526	1,746	1,530
Retained in business					
Depreciation and amortisation	**372**	457	444	682	595
Deferred tax expense / (credit)	**36**	63	(25)	(91)	(7)
Retained profits	**580**	172	(2,443)	140	232
Non-controlling interests	**23**	21	22	(30)	(15)
	1,011	713	(2,002)	701	805
Other non-operating expenses	**131**	236	221	276	64
	1,142	949	(1,781)	977	869
Total distribution	**2,176**	2,035	1,745	2,723	2,399

Productivity data[5]

	2022[4]	2021	2020	2019	2018
Average staff strength	**4,981**	5,740	5,426	16,575	16,578
Employment costs *(S$ million)*	**485**	494	396	820	759
Profit after tax per employee *(S$'000)*	**146**	52	33	13	20
Value added *(S$ million)*	**1,725**	1,680	1,372	2,160	1,990
Value added per employee *(S$'000)*	**347**	293	253	130	120
Value added per dollar employment costs *(S$'000)*	**3.56**	3.40	3.46	2.63	2.62
Value added per dollar investment in property, plant and equipment *(S$)*	**0.21**	0.16	0.13	0.13	0.12
Value added per dollar sales *(S$)*	**0.22**	0.22	0.25	0.22	0.17

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 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 several financial institutions, and closely tracks developments in the global banking sector. We believe such proactive cash management continues to be an efficient and cost-effective way of managing the Group's cash and meeting our funding requirements.

Facilities

As at December 31, 2022, the Group's total credit facilities, including our Multicurrency Debt Issuance Programme, amounted to S$13.4 billion (2021: S$14.0 billion). This comprised borrowing facilities of S$12.0 billion (2021: S$12.5 billion) and trade-related facilities of S$1.4 billion (2021: S$1.5 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 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 April 2022, SFS issued its second S$300 million sustainability-linked notes under our S$3 billion Multicurrency Debt Issuance Programme. The interest rate of the notes will be subject to a step-up margin of 0.25% per annum from the first interest payment date on or after April 1, 2026, if the stated Sustainability Performance Target (SPT) of greenhouse gas emissions intensity reduction to 0.40 tonnes of carbon dioxide per megawatt-hour (tCO_2/MWh) or lower is not achieved by December 31, 2025.

In May 2022, SFS secured a five-year S$1.2 billion syndicated sustainability-linked revolving credit facility which was fully written and arranged by Australia and New Zealand Banking Group Limited, DBS Bank Ltd and Oversea-Chinese Banking Corporation Limited. The interest rate of the loan facility will be subject to a step-up margin if the SPTs of (i) reducing greenhouse gas emissions intensity to 0.40 tCO_2e/MWh or lower or (ii) gross installed renewable energy capacity of 10GW, is not achieved by December 31, 2025.

As at December 31, 2022, the Group's gross borrowings amounted to S$7.1 billion (2021: S$7.4 billion). The Group's interest cover improved from 3.0 times in 2021 to 4.2 times in 2022. The Group remains committed to ensuring a diversified funding base and 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 2022 comprised 66% (2021: 53%) of fixed rate debt and 34% (2021: 47%) of floating rate debt. The divestment of SEIL has resulted in a significant reduction to the floating rate debt in the overall debt portfolio. We continue to actively monitor and manage the fixed and floating rate mix of our debt portfolio in the current rising interest rate environment.

Financing and treasury highlights *(S$ million)*

	2022	2021	2020
Source of Funding			
Cash and cash equivalents	**1,254**	1,344	1,032
Borrowing facilities (including the Multicurrency Debt Issuance Programme)			
Committed borrowing facilities	**9,496**	9,120	8,298
Less: Amount drawn down	**(7,070)**	(7,157)	(7,451)
Unutilised committed borrowing facilities	**2,426**	1,963	847
Uncommitted borrowing facilities	**2,536**	3,349	4,421
Less: Amount drawn down	**–**	(234)	(277)
Unutilised uncommitted borrowing facilities	**2,536**	3,115	4,144
Total unutilised borrowing facilities	**4,962**	5,078	4,991
Trade-related facilities			
Facilities available	**1,412**	1,521	1,584
Less: Amount used	**(500)**	(747)	(894)
Unutilised trade-related facilities	**912**	774	690
Funding Profile			
Maturity profile			
Due within one year	**1,096**	754	593
Due between one to five years	**3,593**	4,165	5,037
Due after five years	**2,381**	2,472	2,098
	7,070	7,391	7,728
Debt mix			
Fixed rate debt	**4,699**	3,941	2,833
Floating rate debt	**2,371**	3,450	4,895
	7,070	7,391	7,728

	2022	2021	2020
Debt Ratios			
Interest cover ratio			
Earnings before interest, tax, depreciation and amortisation	**1,308**	1,288	1,184
Interest on borrowings	**311**	423	499
Interest cover *(times)*	**4.2**	3.0	2.4

	2022	D/C ratio	2021	D/C ratio	2020	D/C ratio
Debt / capitalisation (D/C) ratios						
Corporate debt	**5,932**	0.53	4,893	0.43	4,721	0.42
Project finance debt	**1,138**	0.10	2,498	0.22	3,007	0.27
Group gross debt	**7,070**	0.63	7,391	0.65	7,728	0.69
Less: Cash and cash equivalents	**(1,254)**	–	(1,344)	–	(1,032)	–
Group net debt / (cash)	**5,816**	0.52	6,047	0.53	6,696	0.60

Renewables Review

Competitive Edge

Leading Asian renewable energy player with 9.8GW[1] of wind, solar and energy storage capacity globally

One of Asia's largest energy storage system (ESS) operators and dominant renewables player in Singapore with a full spectrum of solar capabilities including rooftop, ground-mounted and floating solar projects

Leveraging partnerships and capitalising on platforms to grow presence in focus markets

[1] As at December 31, 2022, including acquisitions pending completion

Performance Scorecard

Financial indicators *(S$ million)*

	2022	2021	Change *(%)*
Turnover[2]	**506**	354	43
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**352**	251	40
Share of results: associates and joint ventures, net of tax	**62**	27	130
Adjusted EBITDA[4]	**414**	278	49
Net profit	**132**	56	136
– Net profit before exceptional item	**140**	56	150
– Exceptional item[5]	**(8)**	–	NM
Return on equity before exceptional item *(%)*	**10.2**	4.6	122
Return on equity *(%)*	**9.6**	4.6	109

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

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

[4] Adjusted EBITDA = Reported EBITDA + share of results from associates and joint ventures, net of tax

[5] 2022 exceptional item pertained to the write-off of an investment in Vietnam for project expenses incurred by the company

Key Developments

Increased presence in China with acquisitions of renewables portfolio totalling 1.7GW and organic growth of over 350MW

Broadened solar presence in India with acquisition of Vector Green and enhanced in-house engineering solutions to develop greenfield projects

551MWp of gross contracted solar capacity in Singapore, contributing to more than a third of the nation's 2025 target of 1.5GWp

Signed strategic partnerships with the Japanese government and various corporations to progress hydrogen and other decarbonisation initiatives

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

Turnover for the Renewables segment was S$506 million, 43% higher compared to turnover of S$354 million in 2021, driven mainly by contribution from Shenzhen Huiyang New Energy (HYNE), which owns 658MW of operational wind and solar photovoltaic (PV) assets. Net profit before exceptional item increased by 150% year-on-year to S$140 million. The improved performance was attributed to contributions from SDIC New Energy and HYNE, as well as strong performance of the solar assets in Singapore.

Continued Traction in Growing Our Renewables Portfolio

Growth momentum for the Renewables segment remained strong in 2022. During the year, our portfolio grew to 9.8GW, including acquisitions pending completion.

We continued to pursue renewables opportunities in our countries of focus and established strategic collaborations to support the energy transition. In China, we originated quality partnerships for investments into renewables projects. In India, our in-house operations and maintenance as well as engineering capabilities were drivers of greenfield and brownfield growth. In Singapore, we cemented our position as a leading renewables provider with greenfield projects in solar and ESS.

In the UK, our ESS portfolio performed better on the back of increased demand for frequency services, particularly over summer.

Further diversification of renewables portfolio in China

Operational portfolio in China as of end 2022 was 4.3GW, compared to 725MW a year ago. We completed the acquisitions of a 35% interest in SDIC New Energy and a 98% interest in HYNE in the first half of 2022, as well as a 792MW portfolio held under 45.3%-owned Hunan Xingling New Energy (Xingling New Energy) in December 2022. Electricity generated increased to 6.1TWh, almost quadruple the electricity generated in 2021.

During the year, we continued to pursue renewables growth in China. We announced the acquisitions of two quality renewables portfolios in November 2022. Beijing Energy Sembcorp, our 49%-owned entity, together with Beijing Energy International Investment will acquire the entire equity interest in three operational solar projects with a total capacity of 795MW. These solar assets are located in the south of Hebei Province, one of China's main energy demand centres. This acquisition increases the solar weightage of our China renewables portfolio, thereby reducing yield and earnings variability.

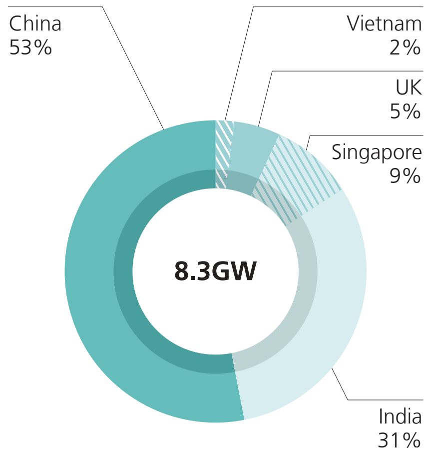
Operational Indicators[6]

	2022	2021
Gross renewables capacity *(MW)*	**8,293**	3,598
– Wind	**5,553**	2,599
– Solar	**2,031**	875
– Energy storage[7]	**709**	124
Gross renewables capacity *(MW)*	**8,293**	3,598
– Installed	**6,832**	2,751
– Under development	**1,461**	847

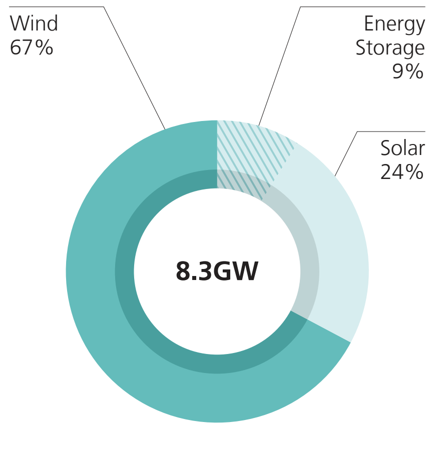
[6] Figures refer to total gross renewables capacity as at December 31, 2022, and December 31, 2021. Including acquisitions pending completion, the Group has 9.8GW of gross renewables capacity installed and under development as at December 31, 2022

[7] Energy storage capacity is in megawatt-hour (MWh)

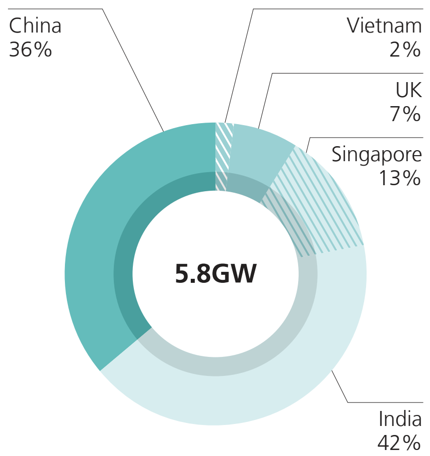
Gross Renewables Capacity by Country



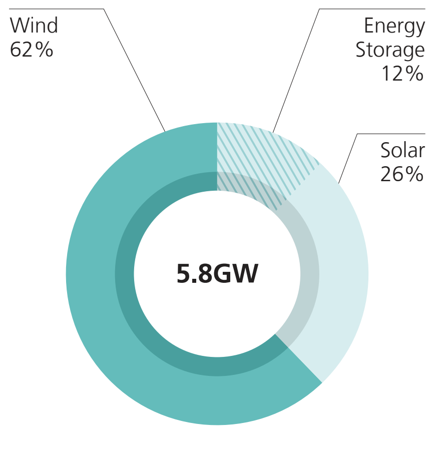
Gross Renewables Capacity by Technology Type



Attributable Renewables Capacity by Country



Attributable Renewables Capacity by Technology Type



As at December 31, 2022

Renewables Review

The assets are contracted to the State Grid Corporation of China and will contribute to earnings immediately upon completion of the acquisition.

We also partnered with Wuling Power, an affiliated company of State Power Investment Corporation (SPIC) to acquire a 45.3% stake in Xingling New Energy. Wuling Power holds the remaining 54.7% interest in Xingling New Energy. SPIC is the world's largest renewables player with over 80GW of installed wind and solar capacity and this is SPIC's first renewable energy joint venture with a foreign investor. Xingling New Energy completed the acquisition of 792MW of the 892MW portfolio from Wuling Power in December 2022, and the remaining 100MW is expected to be completed in the first half of 2023. These projects, which are located in Central China, will further diversify our portfolio in terms of geography.

These acquisitions are in line with our strategy to leverage existing relationships and partnerships and scale up our renewables footprint in China. Our presence in renewables across Asia allows us to add value to the operations and management of these portfolios. Through these platforms, we will work with our partners to pursue more renewable energy projects.

Growing presence in India
Operational capacity as of end 2022 was 1.7GW and electricity generated was 3.9TWh, similar to 2021. While the market for renewable energy projects in India remained competitive, we were able to secure 195MW of renewables contracts during the year.

We also announced the acquisition of Vector Green in November 2022, adding 583MW of renewable assets to the portfolio. Vector Green is an independent power producer with renewable power generation assets across 13 Indian states. Its portfolio includes 495MW of solar capacity and 24MW of wind capacity in operation, and a further 64MW of solar projects under development. This acquisition brings significant utility-scale solar capacity to our India business, which complements our existing wind portfolio. The acquisition, which was completed in January 2023, broadens and deepens our renewable energy presence across the states in India and positions us well for more green growth in the country. With our in-house technical capabilities and expertise, we will focus on improving the operations and maintenance of these assets, driving generation and enhancing the financing structure to lift returns of the portfolio. Renewables capacity in India is now at 3.1GW, with 2.3GW of installed capacity and 850MW under development. Our portfolio resource mix is more balanced with 2.0GW of wind capacity and 1.1GW of solar capacity, compared to 1.9GW of wind capacity and 465MW of solar capacity a year ago.

Strengthening energy capabilities in Southeast Asia
Operational solar capacity in Singapore as of end 2022 was 310MWp, compared to 240MWp as of end 2021. Electricity generated increased to 331GWh from 205GWh in 2021. In 2022, we reached a new milestone for our solar portfolio with total capacity of 551MWp installed and under development. This gross contracted capacity fulfills a third of Singapore's 2025 solar target of 1.5GWp, cementing Sembcorp's position as the leading renewables player in Singapore. Contracts secured during the year included the SolarNova 7 project. The SolarNova programme is a whole-of-government effort led by Singapore's Economic Development Board and Housing Development Board to accelerate the deployment of solar PV systems in Singapore. During the year,

Sembcorp's solar farm in Tuas, Singapore's first solar farm with an integrated rainwater harvesting system

One of Sembcorp's wind energy assets in Henan, China

Renewables Review

Sembcorp is one of Asia's largest ESS operators with a battery storage portfolio of 501MW / 709MWh in Singapore and the UK

we also commissioned Singapore's first solar farm with an integrated rainwater harvesting system. Tapping Singapore's rainy weather, the facility is expected to collect and treat up to 170,000 cubic metres of rainwater annually to cool and clean solar panels for optimum performance.

Notably, we strengthened our renewable energy capabilities in Singapore, with the completion of Southeast Asia's largest ESS in Singapore. In June 2022, Sembcorp was appointed by the Energy Market Authority to build, own and operate an ESS on Jurong Island. The facility was commissioned in six months. With a maximum storage capacity of 285MWh, the ESS is the fastest in the world of its size to be deployed. This is a strong demonstration of our development capabilities in the energy storage segment. We expect increasing demand for ESS, an essential technology, to support renewables deployment in the region.

In Vietnam, solar capacity installed and under development grew year-on-year from 108MWp to 251MWp as of end 2022. This includes the acquisition of a 49% stake in Bamboo Capital Group GAIA, Sembcorp's first utility-scale acquisition in Vietnam, with 141MWp of operational solar capacity located in Thanh Hoa district, Long An Province. We believe that our deep experience in Vietnam will put us in good stead to capitalise on opportunities when they arise.

Supporting energy transition in the UK

In the UK, a further 50MWh of our battery energy storage portfolio was commissioned in August 2022, bringing our operational battery fleet to 120MWh. In addition, as part of a planned 360MW battery ESS to be constructed on Teesside, we commenced development on the first tranche of 150MW / 300MWh of battery storage, which has secured a 15-year capacity market contract starting in October 2025. These battery ESS are expected to be completed in the first half of 2024, which will further enhance our presence in the energy storage segment in the UK.

Battery ESS have the ability to supply power and other services to the national grid within a few milliseconds, providing a secure and stable energy system that will aid the UK's low-carbon transition. As a result of increased demand for frequency services, particularly over summer, we were able to capture higher rates for these services, translating to higher profitability.

Forging Partnerships for Decarbonisation Goals

In October 2022, we entered into strategic partnerships with the Japanese government and various corporations to progress hydrogen and other decarbonisation initiatives. The hydrogen supply chain will be the focal point across the partnerships and signifies an important focus for us as we drive towards decarbonisation.

These partnerships include a Memorandum of Understanding (MOU) with Japan Bank for International Cooperation to support projects developed by Sembcorp and Japanese companies, with a focus on green hydrogen and ammonia; an MOU with Sojitz Corporation to partner on new renewable energy projects, including green hydrogen production, ESS and carbon-neutral industrial parks in Asia Pacific; as well as collaboration with IHI Corporation on an integrated green ammonia supply chain. Advancing the MOU with Mitsubishi Corporation and Chiyoda Corporation signed in October 2021, we commenced pre-FEED studies for the development of hydrogen imports via methylcyclohexane, a type of liquid organic hydrogen carrier. These collaborations will enable us to access and leverage Japan's highly advanced technology in hydrogen development and deployment.

As an extension of our commitment towards decarbonisation, we launched Sembcorp's carbon management solutions corporate venture, GoNetZero™ at the 27th United Nations Climate Change Conference (COP27), to support our customers and their corporate climate action plans. GoNetZero™ complements Sembcorp's offering as a leading renewable energy player by providing one-stop access to renewable energy and carbon management solutions including renewable energy certificates and carbon credits.

Outlook

According to the International Energy Agency, the volatile global energy situation in 2022 has accelerated the growth in renewable energy. Renewable energy is expected to transform the global power mix through 2027 and become the largest source of electricity. The renewables growth is propelled by more ambitious expansionary policies in key markets, partly in response to the energy crisis.

Earnings of the Renewables segment will grow, as a result of contributions from acquisitions announced in 2022, as well as full-year contributions from the ESS in Singapore and the UK. As an established player in the renewables markets in Asia, coupled with our capabilities in ESS, we are well-placed to capitalise on growth opportunities. We will continue to innovate and build on our capabilities in renewable energy to be a leading provider of sustainable solutions.

GoNetZero™ was launched at the Singapore Pavilion at COP27 in Egypt

Integrated Urban Solutions Review

Competitive Edge

Over three decades of driving sustainable developments by delivering innovative and essential solutions to customers and communities

International investment promotion team complementing local marketing initiatives to drive direct investment by high-quality, long-term investors and tenants

Comprehensive suite of customised water, waste and recycling solutions to cater to the needs of customers

Performance Scorecard

Financial indicators *(S$ million)*

	2022	2021	Change *(%)*
Turnover[1]	**444**	465	(5)
Earnings before interest, tax, depreciation and amortisation (EBITDA)[2]	**130**	143	(9)
Share of results: associates and joint ventures, net of tax	**93**	97	(4)
Adjusted EBITDA[3]	**223**	240	(7)
Net profit	**140**	161	(13)
– Net profit before exceptional items	**148**	155	(5)
– Exceptional items[4]	**(8)**	6	NM
Return on equity before exceptional items *(%)*	**8.5**	9.9	(14)
Return on equity *(%)*	**8.0**	10.2	(22)

[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 = Reported EBITDA + share of results from associates and joint ventures, net of tax

[4] 2022 exceptional items totalling negative S$8 million comprised an impairment of a water asset in China following changes in water tariffs, an impairment of an investment in the UK for project expenses incurred by the company and Urban's share of lower market valuations of underlying property assets in China

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

Key Developments

Awarded investment licences to develop industrial parks in Quang Tri Industrial Park, Vietnam Singapore Industrial Park (VSIP) Binh Duong III, VSIP Can Tho and VSIP Nghe An (park II) in Vietnam, bringing total portfolio of large-scale urban projects to 16

Groundbreaking of VSIP Binh Duong III, a new smart and sustainable industrial park

Groundbreaking of modern ready-built warehouses, Sembcorp Logistics Parks in Quang Ngai and Nghe An provinces, Vietnam and development of ready-built factories in the new Wuxi Life Science Park, China

The Integrated Urban Solutions segment comprises Urban, Water, as well as Waste and Waste-to-resource businesses. The Urban business has more than 30 years of track record in integrated urban developments including industrial parks, business hubs, industrial properties and residential spaces.

In the Water business, we own and operate highly specialised facilities across China, the Middle East, Singapore and the UK. Our water and wastewater management solutions encompass the entire water cycle including water supply, wastewater treatment and water reclamation. The Waste and Waste-to-resource businesses include solid waste management services in Singapore as well as energy-from-waste facilities in Singapore and the UK.

Turnover for the Integrated Urban Solutions segment was S$444 million in 2022, a decline of 5% from S$465 million in 2021. Net profit before exceptional items moderated to S$148 million in 2022 compared to S$155 million in 2021, mainly due to a slowdown in the China market for the Urban business. This was mitigated by higher contribution from the energy-from-waste operation in the UK on higher power prices, and a termination fee received from a customer of the water business in China.

Building Land Bank and Providing Sustainable Solutions to Customers

In 2022, the Urban business registered land sales of 172 hectares (ha), compared to 168ha in 2021, driven by demand in Vietnam. However, earnings declined due to a slowdown in the China market. Net orderbook for the year was 312ha, higher than the net orderbook of 279ha in 2021.

In Indonesia, while slightly lower land sales were recorded in our Kendal Industrial Park, profitability improved due to the increase in land sales margin. Demand was driven by both domestic and international manufacturers following the post pandemic reopening of Indonesia. Recurring income contributions from estate management fees and water sales also increased as more tenants completed factory construction and commenced operations during the year.

In China, lower land sales were recorded at the Sino-Singapore Nanjing Eco Hi-tech Island, with two plots of Industrial & Business land sold in 2022 compared to nine plots (including Commercial & Residential land) in 2021. 2022 continued to see property cooling measures in play. The zero-COVID policy of the Chinese government and slowing economy further dampened the property market. However, lower contributions from this project were mitigated by better contributions from our Wuxi-Singapore Industrial Park project,

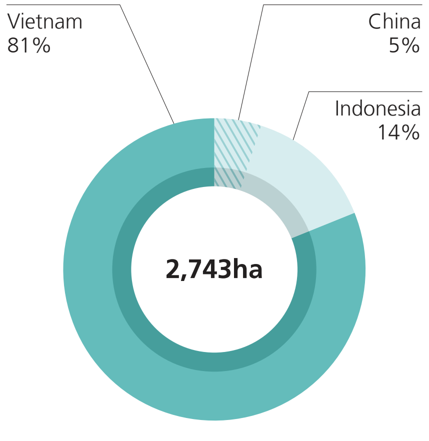
Operational Indicators

	2022	2021
Urban[5]		
– Saleable land inventory *(ha)*	**6,363**	5,718
– Land sold (cumulative) *(ha)*	**3,308**	3,136
– Total net orderbook *(ha)*	**312**	279
– Remaining saleable land *(ha)*	**2,743**	2,303
Water		
– Water and wastewater treatment capacity *(m^3/day)*	**8,051,470**	8,255,029
Waste and Waste-to-resource		
– Waste collection *(tonnes)*	**1,085,404**	1,254,840
– Recyclables collection *(tonnes)*	**11,775**	33,632
– Energy-from-waste (Efw) gross installed capacity		
– Wilton 11 Efw Plant[6] *(MW)*	**48**	48

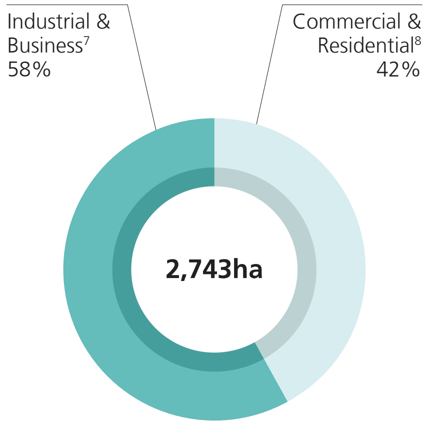
[5] Figures are based on current planned estimates

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

Remaining Saleable Land by Geography



Remaining Saleable Land by Segment



As at December 31, 2022

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

[8] 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

Integrated Urban Solutions Review

which provided steady income. During the year, we acquired a plot of land at the newly created Wuxi Life Science Park, which is being developed by the municipal government. Ready-built factories with a total gross floor area of 78,000 square metres will be constructed on the site and will be available for lease from 2024.

In March 2022, we held a groundbreaking ceremony for the third expansion of VSIP in Binh Duong Province, Vietnam. The 1,000ha VSIP Binh Duong III will have a planned 50ha onsite solar farm offering grid reliability and sustainability benefits to large industrial tenants, complementing our rooftop solar solutions. The first 100ha phase is also pre-qualified to meet Singapore's Building and Construction Authority's Green Mark for industrial districts, making it one of the greenest and most sustainable workplace environments in Vietnam. In 2022, the project attracted the largest industrial land bookings of all VSIP projects.

LEGO Group will commence the construction of its first carbon-neutral factory across a 44ha site at VSIP Binh Duong III.

Over the last 27 years, VSIP has drawn US$18.4 billion in investments from more than 800 multinational companies and created more than 288,000 jobs in the industrial sector. In October 2022, we broadened our footprint in Vietnam's growing industrial park development with the award of the investment licence to develop VSIP Can Tho, a 294ha industrial park. Can Tho is the fourth largest city in Vietnam and is located in the Mekong Delta region. The central government has announced a master plan for the region, with a vision towards making Can Tho City a centre for trade and services by 2030. The City has the potential to build on its established aquaculture and agriculture industries and increase its importance as a mega food-processing and distribution hub, with infrastructure investments planned under the new master plan.

Tenants at the 750ha VSIP Nghe An (park I). An investment license was granted in 2023 for the development of VSIP Nghe An (park II), a 500ha expansion over park I

In February 2023, the Vietnam government presented Sembcorp and Becamex IDC Corporation (Becamex) with an investment licence to develop a 500ha VSIP in Nghe An Province (park II). The licence expands our presence in Nghe An, post the successful development of the 750ha VSIP Nghe An (park I), which was established in 2015. We also deepened our strategic partnership with Becamex, and announced a Memorandum of Understanding to co-establish five VSIPs valued at approximately US$1 billion. The parks will feature decarbonisation solutions such as rooftop solar systems, potential solar farms and green certified buildings, and are envisioned to be smart and sustainable industrial parks with low carbon footprint.

As an expansion of our product offering, we commenced the development of Sembcorp Logistics Parks in the provinces of Quang Ngai and Nghe An in central Vietnam. Totalling approximately 77,258 square metres in gross floor area, these modern ready-built warehouses seek to provide quality logistics spaces in strategic locations to manufacturers. Construction will be completed in the fourth quarter of 2023. Within the portfolio, we also developed ready-built warehouses in the provinces of Hai Phong and Hai Duong to serve the northern Vietnam hinterland.

Improved Performance in Waste-to-resource Business

Wilton 11, our energy-from-waste plant in the UK, serves our industrial customers on Teesside. Earnings contribution from Wilton 11 increased year-on-year, driven by higher electricity prices.

Groundbreaking ceremony for VSIP Binh Duong III, which was witnessed by Vietnam Prime Minister Pham Minh Chinh

Piloting of smart recycling initiative in Singapore

We continue to work closely with the communities to promote recycling in a sustainable manner. Across Singapore, contamination of recyclables at source has led to low household recycling rates. In December 2022, SembWaste and Singapore Polytechnic launched Rebottle, which aims to boost polyethylene terephthalate (PET) bottle recycling rates in Singapore, by placing refurbished roller cages at accessible and convenient locations for depositing used PET bottles. It also incorporates Internet of Things solutions to provide real-time waste collection data, allowing SembWaste to monitor the number of bottles disposed in the cages and optimise collections when the cages are full. The smart recycling initiative is being piloted in the Punggol Shore precinct and aims to triple overall PET collection rates while lowering the estate's waste contamination rate by at least 10%.

Outlook

The Urban business continues to secure land bank to ensure a steady sales pipeline. It is also building up its portfolio to grow its recurring income and increase its product offering to customers. Global travel has picked up with the reopening of economies, providing greater clarity in business outlook. While there has been a pickup in land sale orders at our Indonesia and Vietnam projects, the possible slowdown in manufacturing activity on the back of recession risks and rising interest rates may affect new factory investments. In China, new government policies and incentives are anticipated to be implemented in 2023 to ease the economy towards recovery, and we expect the market to gain momentum in the second half of 2023.

With our suite of sustainable solutions including urban development, water management as well as waste-to-resource solutions, we are well-positioned to capture opportunities arising from the population growth and urbanisation in Asia.

Conventional Energy Review

Competitive Edge

Established player with over 6.8GW[1] of conventional power capacity in key markets

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

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

[1] The figure excludes Sembcorp Energy India Limited's (SEIL) capacity of 2.6GW. The sale of SEIL, which operates two coal-fired power plants, was completed on January 19, 2023

Performance Scorecard

Financial indicators *(S$ million)*

	2022	2021[2]	Change *(%)*
Continuing operations			
Turnover[3]	**6,547**	5,292	24
Earnings before interest, tax, depreciation and amortisation (EBITDA)[4]	**886**	561	58
Share of results: associates and joint ventures, net of tax	**93**	81	15
Adjusted EBITDA[5]	**979**	642	52
Net profit	**603**	90	NM
– Net profit before exceptional items	**622**	289	115
– Exceptional items[6]	**(19)**	(199)	90
Return on equity before exceptional items *(%)*	**34.8**	23.3	49
Return on equity *(%)*	**33.9**	7.9	NM
Discontinued operation			
Net profit from discontinued operation	**144**	149	(3)
Total net profit	**747**	239	213
– Net profit before exceptional items	**766**	438	75
– Exceptional items[6]	**(19)**	(199)	90

[2] On November 8, 2022, shareholders of the Company approved the sale of SEIL. Consequently, SEIL was classified as a disposal group held for sale and as a discontinued operation, with comparative information of its financial performance re-presented accordingly. The sale of SEIL was completed on January 19, 2023

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

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

[5] Adjusted EBITDA = Reported EBITDA + share of results from associates and joint ventures, net of tax

[6] 2022 exceptional items totalling negative S$19 million were mainly for the impairment of a woodchip boiler and other facilities in Singapore

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 the UK land sales and connection fee income

The Conventional Energy portfolio comprises 6.8GW[1] of conventional power capacity in Bangladesh, China, Myanmar, Singapore, the UK and Vietnam. In addition, Sembcorp provides a wide variety of gas and related services such as gas sourcing, importation and trading in Singapore.

In 2022, gas, coal and electricity prices rose to their highest levels in decades due to higher energy demand, coupled with supply constraints as a result of ongoing geopolitical tensions. The strong performance of our Conventional Energy segment was attributed to higher power prices and margins.

Strong Performance in 2022

The Conventional Energy segment delivered a strong performance in 2022. Net profit before exceptional items for continuing operations was S$622 million in 2022 compared to S$289 million in 2021. This was mainly due to better performance in Singapore and the UK on higher power prices and margins, partially offset by higher expected credit loss (ECL) provisions for the service concession receivables of Sembcorp Myingyan Power Company (SMPC). Exceptional items in 2022 totalling negative S$19 million were mainly related to the impairment of a woodchip boiler and other facilities in Singapore. Exceptional items totalling negative S$199 million in 2021 were mainly due to an impairment of the Chongqing Songzao power plant in China. Net profit from continuing operations after exceptional items was S$603 million, more than a six-fold increase from S$90 million in 2021.

The improved performance for gas and related services was driven mainly by higher contributions from Singapore and the UK. In 2022, the cogeneration plants in Singapore performed well from increased power demand and better spreads, as well as realised gains from favourable gas hedges. In the UK, the flexible generation assets contributed positively as we were able to capture the resulting high prices caused by the elevated level of power prices through the year, driven primarily by a global shortage of gas supply.

Following the Group's regular assessment of credit risk, a provision of S$84 million was made for SMPC's receivables. Although there is no default on payment, the Group has determined that the credit risk on the service concession receivables of SMPC has increased significantly, taking into consideration forward-looking information on the risk of foreign currency shortages,

Operational Indicators[7]

	2022	2021
Gross conventional power capacity *(MW)*	**9,477**	9,477
– Gas	**5,457**	5,457
– Coal & Diesel	**4,020**	4,020
Contracted conventional capacity with long-term agreements[8] *(MW)*	**5,259**	5,058

[7] All 2021 and 2022 capacities are operational. On January 19, 2023, the sale of SEIL which operates two coal-fired power plants totalling 2.6GW was completed. Excluding SEIL, gross conventional power capacity is 6.8GW and contracted conventional capacity with long-term agreements is 3.1GW

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

Key Developments

Successfully completed the sale of SEIL, which operates two supercritical coal-fired power plants, in January 2023

Signed Sembcorp's largest liquefied natural gas (LNG) contract with TotalEnergies to import LNG from its global portfolio into Singapore for five years starting from 2025

Sembcorp's flexible generation assets in the UK

Conventional Energy Review

a weakening economy and Myanmar being categorised as a high-risk jurisdiction by the Financial Action Task Force, with increased risk of economic and financial sanctions. Accordingly, lifetime ECL provision is applied on the service concession receivables of SMPC.

On September 5, 2022, Sembcorp announced the proposed sale of SEIL. SEIL is one of the largest independent power producers in India, operating two supercritical coal-fired power plants totalling 2.6GW. The sale was approved by shareholders at the extraordinary general meeting in November 2022 and completed in January 2023. Accordingly, SEIL's contribution in 2022 was classified as a discontinued operation.

Under discontinued operation, SEIL posted a net profit of S$144 million in 2022 compared to S$149 million in 2021. SEIL's net profit in 2021 excluded the recognition of inter-segment finance cost totalling S$65 million arising from a rupee-denominated bond, which was repaid in December 2021. Including the inter-segment finance cost, net profit would have been S$84 million in 2021 compared to S$144 million in 2022. The better performance in 2022 was due to higher electricity prices in India despite lower average plant load factors (PLF) in 2022. SEIL's first plant registered an average PLF of 76% for the year compared to 84% in 2021, while average PLF of the second plant was 68% in 2022 compared to 71% in 2021 due to major planned maintenance of both plants in 2022.

Completion of Sale of SEIL

In January 2023, we achieved a key milestone in our decarbonisation journey with the completion of the sale of 100% shareholding in SEIL to Tanweer Infrastructure, for a consideration of INR117 billion or approximately S$2.0 billion. The transaction was settled via a deferred payment note (DPN) provided by Sembcorp. The key rationale for the sale is as follows:

Accelerate the transformation of Sembcorp's portfolio from brown to green

The sale is in line with Sembcorp's strategic plan to transform its portfolio from brown to green, and will allow management to focus its efforts on growing its Sustainable Solutions portfolio. Excluding SEIL, Sembcorp's greenhouse gas (GHG) emissions intensity (Scope 1 and 2) in 2022 would reduce from 0.50 to 0.31 tonnes of carbon dioxide equivalent per megawatt-hour (tCO_2e/MWh) and absolute emissions (Scope 1 and 2) in 2022 would decrease from 25.5 million to 10.4 million tCO_2e. In May 2021, we set out targets to reduce our GHG emissions intensity to 0.40 tCO_2e/MWh by 2025. With this sale, Sembcorp has achieved its 2025 target ahead of time. We continue to focus on our longer-term carbon reduction targets. With effect from January 2023, Sembcorp's proportion of SEIL's emissions will be accounted under Scope 3 (Category 15 – Investments).

Strengthen Sembcorp's balance sheet

Sembcorp's total gross debt as at December 31, 2022 decreased to S$7.1 billion from S$8.2 billion, upon the deconsolidation of SEIL. Gross debt to EBITDA ratio improved to 5.4 times in 2022 from 6.6 times in 2021. EBITDA to interest ratio increased to 4.2 times in 2022 from 3.0 times in 2021.

Preserve shareholder value and protect stakeholders' interest

Shareholder value was preserved through the sale. The purchase consideration, at S$2.0 billion, was at an implied price-to-book multiple of 1 time, above precedent transactions in the market. In structuring the sale, we considered a broad range of stakeholders and their respective interests. These included fulfilling contractual obligations with power distribution customers, ensuring continued employment of the existing operations team at SEIL, timely debt servicing for lenders, maintaining grid stability for the Indian power system and continuing to provide power to over 2.5 million households.

A stable transition to a proven trusted long-term partner and ongoing support from Sembcorp to improve GHG emissions intensity

Tanweer Infrastructure is owned by a consortium led by Oman Investment Corporation (OIC) in partnership with Oman's Ministry of Defence Pension Fund and Dar Investment. OIC is a leading Omani private equity company with a track record in asset management, energy, healthcare, infrastructure, logistics, and real estate. OIC and Sembcorp have a long-term partnership, having jointly operated the Salalah Independent Water and Power Plant since 2009.

Tanweer Infrastructure is committed to continuing initiatives at SEIL to reduce SEIL's GHG emissions intensity. Sembcorp will support this commitment through a financial incentive, where the interest rate of the DPN will reduce correspondingly with improvements in SEIL's GHG emissions intensity. Sembcorp has also entered into a technical services agreement with SEIL to continue the highest standards of reliability, operational efficiency and best practices in managing the plants.

In early 2022, SEIL secured two long-term power purchase agreements (PPA), bringing capacity underpinned by long-term and mid-term PPAs to 85%. The 200MW PPA to supply power to Bangladesh commenced in March 2022 while the 625MW PPA with Andhra Pradesh distribution companies (Discoms) started in February 2023. These PPAs have a weighted average duration of 11 years and provide stable cash flow to service the DPN and its interest. SEIL has also seen an improvement in its outstanding receivables, as the India government is actively addressing payment delays from Discoms.

Diversifying Gas Supply Sources Through a Five-year Contract with TotalEnergies to Import LNG from 2025

Our appointment by the Energy Market Authority in Singapore as a term LNG importer in 2021 has enabled us to diversify our sources of gas. We now import piped natural gas from West Natuna fields in Indonesia, as well as LNG from all around the world. Leveraging our core capabilities in gas import and retail, we signed a supply agreement with TotalEnergies in October 2022, to import LNG into Singapore for five years starting from 2025. As the largest player in Singapore's natural gas market, Sembcorp provides reliable and competitive solutions across the gas value chain. While natural gas will continue to be a dominant fuel for Singapore in the near future, our product offering in the gas, multi-utilities and renewables segments allow us to provide customers with a comprehensive suite of energy and utilities solutions that are sustainable, competitive and reliable.

Upholding High Standards of Operational Excellence

In 2022, our gas-fired assets operated well, maintaining a high level of availability over the year. The high level of availability is the result of continuous stringent predictive maintenance to reduce occurrences of unplanned outages. Our advanced centralised asset management system also allows us to gather and consolidate operational data of our assets worldwide to improve performance and achieve operational excellence.

Our Sembcorp Myingyan Independent Power Plant in Myanmar continued to provide power to the local people despite the volatile political climate. The plant's plant availability factor (PAF) in 2022 was 99%, an improvement from 94% as there was a one-month planned maintenance in 2021. Operations of our power plants in Bangladesh, Oman and the United Arab Emirates remained stable, with 2022 PAF at 92%, 90% and 96% respectively, compared to 93%, 89% and 96% in 2021. PAF of the Phu My 3 power plant in Vietnam was 90% in 2022, which was comparable to 2021. The plant will be transferred back to the Vietnam government when the PPA expires in 2024.

Outlook

According to the International Energy Agency, electricity demand is expected to continue on a similar growth path into 2023. However, the outlook is clouded by economic turmoil and uncertainty.

The Conventional Energy segment performed well in 2022, driven by elevated power prices in Singapore and the UK. The SEIL sale was completed in January 2023. Henceforth, we will recognise income from the DPN. Performance of the Conventional Energy segment will be subject to energy market conditions. Earnings in Singapore are expected to remain resilient given tightness in the energy generation market while performance of the UK operations will be subject to energy and commodity prices. Operations of the gas-fired power plants in Bangladesh, Myanmar and Vietnam, which are contracted under long-term PPAs, are expected to remain stable.

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 79)*
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. He currently serves on the board of GIC, which manages Singapore's external reserves.

Mr Ang holds a Bachelor of Science with Honours in Economics from University of Hull.

Past directorships in listed companies and major appointments 2020–2022:
- Southern Steel

Tow Heng Tan *(age 67)*
Deputy Chairman
Non-executive & Non-independent Director
Appointed June 1, 2021 E C N

Mr Tow is chief executive officer of Pavilion Capital International, a North Asia-focused private equity firm.

He previously held senior leadership positions serving as 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 Fullerton Financial Holdings, the National Healthcare Group, Temasek Trust and Temasek Trust Asset Management *(formerly known as ABC World Asia)*.

Mr Tow is a fellow of the Association of Chartered Certified Accountants and Chartered Institute of Management Accountants in the United Kingdom. He is a chartered accountant with the Institute of Singapore Chartered Accountants.

Nagi Hamiyeh *(age 54)*
Non-executive & Non-independent Director
Appointed March 3, 2020 E

Mr Hamiyeh is Temasek's head of portfolio development. Over the course of his career with Temasek, he has led the firm's Investment Group, consumer, industrials, natural resources 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 sits on the boards of Dream International, Olam Group, OFI Group, Kyanite Investment Holdings, Kyanite Investment Holdings (I), Olam Agri Holdings and Sembcorp Marine.

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 in Civil and Environmental Engineering from Massachusetts Institute of Technology, as well as a Bachelor of Science in Civil Engineering from University of Texas.

Past directorships in listed companies and major appointments 2020–2022:
- Lebanese International Finance Executives
- Olam International
- Sheares Healthcare Group of Companies
- Sigma Healthcare Management

Ajaib Haridass *(age 73)*
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 Singapore International Arbitration Centre and 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 Metis Energy *(formerly known as Manhattan Resources)* and Singapore LNG Corporation.

Mr Haridass holds a Bachelor of Laws with honours from University of London and is a qualified barrister-at-Law at the Honourable Society of the Middle Temple.

Dr Josephine Kwa Lay Keng *(age 64)*
Non-executive & Independent Director
Appointed August 1, 2018 A R 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 Agency for Science, Technology and Research. She is also a director of Barghest Building Performance.

Dr Kwa was previously chief executive officer of NSL and served in various 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 sit on the steering committee for the Singapore Certified Energy Manager Programme.

Dr Kwa holds a PhD and Bachelor of Science with honours in Mechanical Engineering from University of Leeds.

Past directorships in listed companies and major appointments 2020–2022:
- NUS Energy Studies Institute
- Southern Steel

Board of Directors

Lim Ming Yan *(age 60)*
Non-executive &
Independent Director

Appointed January 18, 2021 R C N T

Mr Lim is chairman of the Singapore Business Federation. He also sits on the boards of DLF Cyber City Developers, DLF Assets and Enterprise Singapore. Mr Lim is a member of the board of trustees of Chinese Development Assistance Council and Singapore Management University, as well as a member of Singapore's Future Economy Council. He is Singapore's Non-Resident High Commissioner to the Republic of Mauritius as well.

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

Mr Lim holds a first-class honours in Mechanical Engineering and Economics as well as an honorary doctorate from University of Birmingham. He also completed the Advanced Management Program at Harvard Business School.

Past directorships in listed companies and major appointments 2020–2022:

- Business China
- Central China Real Estate
- Housing and Development Board
- Singapore Press Holdings
- Workforce Singapore

Tham Kui Seng *(age 65)*
Non-executive &
Independent Director

Appointed June 1, 2011 E C

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

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

Mr Tham holds a first-class honours in Engineering Science from University of Oxford.

Past directorships in listed companies and major appointments 2020–2022:

- Banyan Tree Holdings

Wong Kim Yin *(age 52)*
Group President
& CEO

Appointed July 1, 2020 E T

Mr Wong has close to 30 years of leadership experience in the energy sector and in investment management. He has been 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 and a Vice Chairman of the World Energy Council.

Mr Wong holds a Bachelor of Science in Computer Science and Information Systems from National University of Singapore and a Master of Business Administration from University of Chicago Booth School of Business.

Past directorships in listed companies and major appointments 2020–2022:

- Seatown Holdings
- SP Group of Companies

Yap Chee Keong *(age 62)*
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, Singapore Life Holdings *(formerly known as Aviva Singlife Holdings)* 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 ACRA, Monetary Authority of Singapore (MAS) and Singapore Exchange (SGX) to review the Guidebook for Audit Committees in Singapore, as well as the panel convened by ACRA, MAS, SGX and Singapore Institute of Directors which formulated guidelines for board risk committees.

Mr Yap holds a Bachelor of Accountancy from National University of Singapore and is a fellow of Institute of Singapore Chartered Accountants and CPA Australia.

Past directorships in listed companies and major appointments 2020–2022:

- Bayberry
- Certis CISCO Security
- Citibank Singapore
- Maxeon Solar Technologies
- Olam International

Technology Advisory Panel

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

Prof Ng How Yong

Prof Ng is a Changjiang Scholar Chair Professor of the Beijing Normal University at Zhuhai and an Adjunct Professor of National University of Singapore's (NUS) Department of Civil and Environmental Engineering. He was a Provost's Chair Professor of NUS, director of NUS Environmental Research Institute, as well as director of 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 United States of America.

Prof Ng is also a fellow of the Academy of Engineering Singapore and the International Water Association (IWA), 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 Ng holds a PhD in Environmental Engineering from University of California, Berkeley and first-class honours in Civil Engineering from NUS.

Prof Lui Pao Chuen

Prof Lui is the Temasek Defence Professor of National University of Singapore (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 corporations, government agencies, research institutions and technical organisations as well as 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, as well as 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.

Prof Lui holds a Master of Science in Operations Research and Systems Analysis from Naval Postgraduate School and Bachelor of Science in Physics from NUS.

Senior Executives

Eugene Cheng
Group Chief Financial Officer

Mr Cheng oversees the Group's finance, treasury, tax, portfolio and investment management, sustainability, media communications 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 oversees the standards and governance of the Group's engineering and technological capabilities. He is also responsible for growing the Group's capabilities to support its renewables, energy storage, conventional energy, water and green hydrogen businesses.

Charles Koh
Chief Digital Officer
Platform Founder, GoNetZero™

Mr Koh drives the Group's digitalisation journey, focusing on efforts to build and scale key digital capabilities across the Group's businesses. This includes overseeing the Group's new carbon management solutions corporate venture GoNetZero™.

Koh Chiap Khiong
CEO, Singapore & Southeast Asia

Mr Koh oversees Sembcorp's operations comprising large-scale energy, water and battery storage assets on Jurong Island (Singapore) and a portfolio of energy assets across Southeast Asia. He is also responsible for driving the strategic direction and business growth of the energy businesses across the region.

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.

Alex Tan
CEO, China

Mr Tan is responsible for the operations, strategic direction and business growth of the company's energy and 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 urban solutions for sustainable developments.

Vipul Tuli
CEO, South Asia
CEO, Hydrogen Business

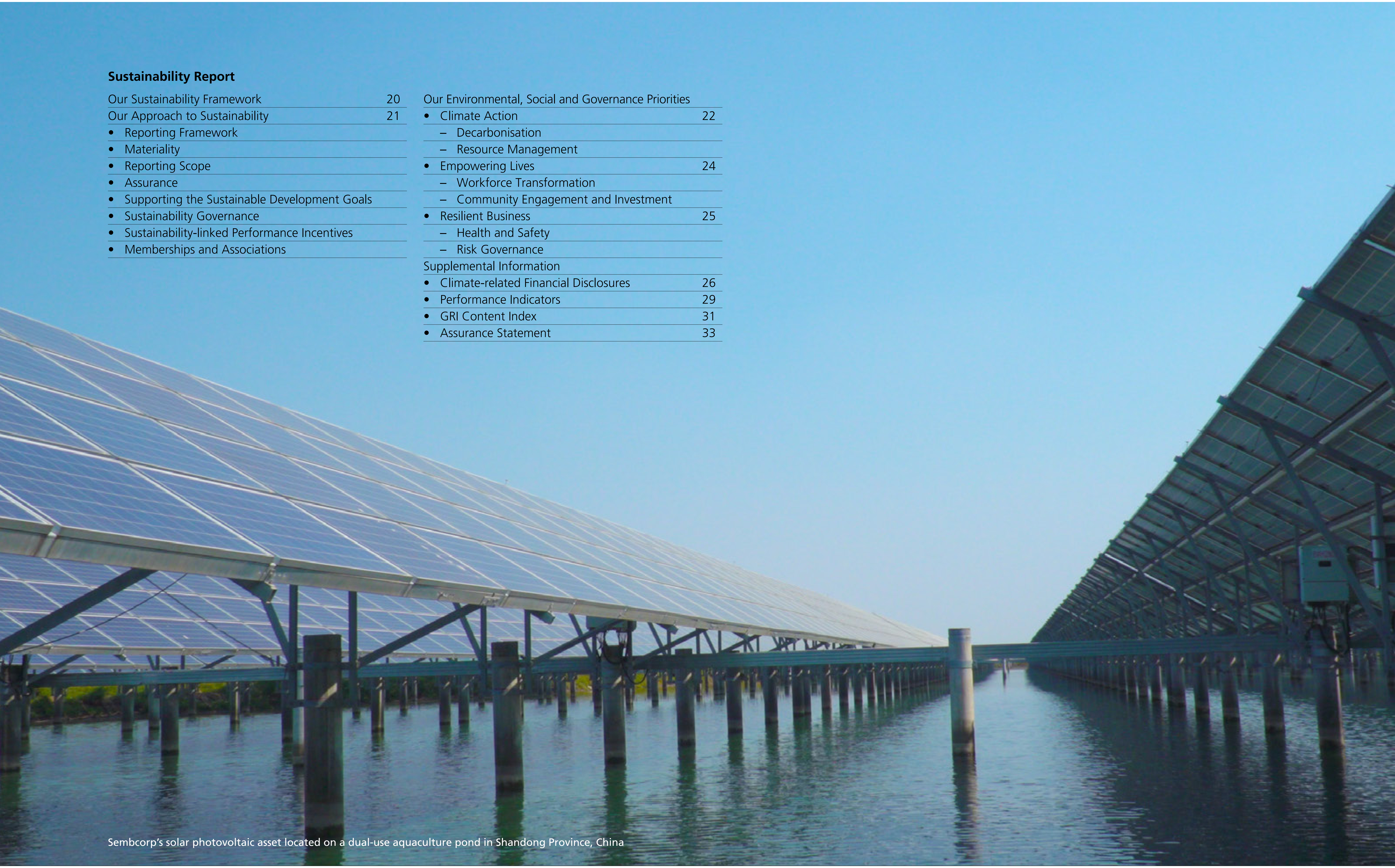
Mr Tuli oversees Sembcorp's investments and key stakeholder relationships in India and Bangladesh. He is concurrently the CEO of Sembcorp's newly created global Hydrogen Business since January 6, 2023.

Wong Kim Yin
Group President & CEO

Mr Wong has close to 30 years of leadership experience in the energy sector and in investment management. He has been instrumental in leading Sembcorp's transformation of its portfolio from brown to green.

For more information on Senior Executives, please refer to the Leadership section on the About Sembcorp webpage.

Sustainability Report



Sembcorp's solar photovoltaic asset located on a dual-use aquaculture pond in Shandong Province, China

Our Sustainability Framework GRI 3-2

Energy companies play a transformative role in an inclusive energy transition. Our refreshed Sustainability Framework reflects material sustainability factors imperative for us to focus on and manage well, to drive improved performance and impact.

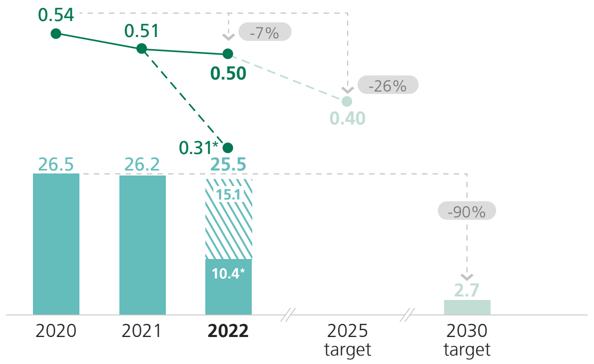
Material Sustainability Factors	Why This is Material	Sustainability Aspects	Performance Highlights

Climate Action

We acknowledge the scientific consensus that human activities have led to increased greenhouse gas (GHG) emissions and its resulting impact on the planet. By transforming to a greener portfolio, we aim to reduce our emissions. We endeavour to reduce our consumption of resources to minimise the impact on our natural environment.

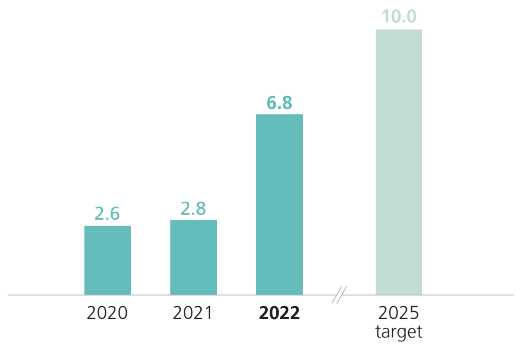
Sustainability Aspects: Decarbonisation; Resource Management

Absolute GHG Emissions (Scope 1 and 2) *(million tCO_2e)* **and Emissions Intensity** *(tCO_2e/MWh)*



Absolute GHG emissions (Scope 1 and 2)
GHG emissions intensity
GHG emissions attributable to Sembcorp Energy India Limited (SEIL)
Note: Figures marked with an asterisk illustrate our absolute GHG emissions and emissions intensity excluding emissions attributable to SEIL

Gross Installed Renewable Energy Capacity* *(GW)*



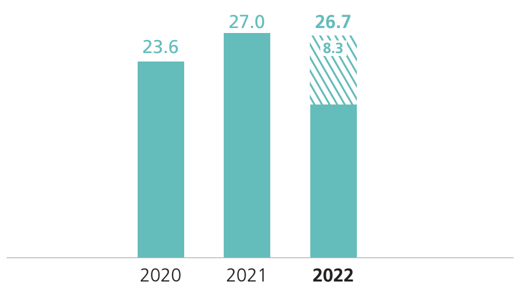
* Figures exclude acquisitions pending completion and projects under development

Empowering Lives

Our employees and communities enable the success of our business. In an increasingly disruptive world, we seek to enhance value to our employees and communities. We upskill our employees and provide support to our communities in a collective transition to a lower carbon and more sustainable future.

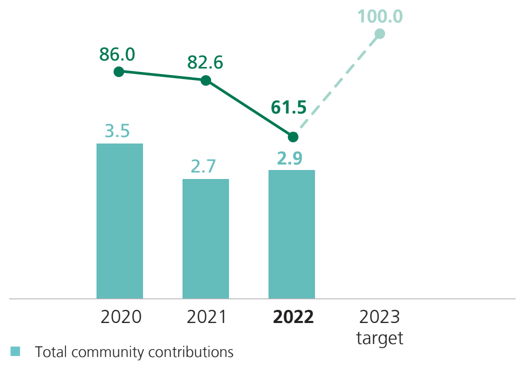
Sustainability Aspects: Workforce Transformation; Community Engagement and Investment

Average Learning Hours *(hours per employee)*



Average learning hours per employee
Average sustainability skill learning hours per employee

Community Investments *(S$ million and %)*



Total community contributions
Percentage of operations with local community engagement and / or development programmes

Resilient Business

In today's dynamic global and macroeconomic environment, we believe that a resilient business requires a robust framework that identifies, manages and mitigates current and emerging risks. These risks include corruption, non-compliance with laws, as well as health and safety. A resilient business undergirds our transformation plan and targets.

Sustainability Aspects: Health and Safety; Risk Governance

	2022	Ongoing Target
Work-related Fatalities	0	0
Integrated Assurance Framework Implementation Across Key Markets[1]	100%	100%
Employee Completion of Anti-bribery and Corruption Training[2]	100%	100%

[1] Coverage follows the reporting scope of this Sustainability Report
[2] Refers to existing employees. New joiners are given more time to complete anti-bribery and corruption training as part of their onboarding

Our Approach to Sustainability

Reporting Framework

The Global Reporting Initiative (GRI) Standards are widely recognised globally as a framework for sustainability reporting. Our Sustainability Report has been prepared with reference to the GRI Universal Standards 2021, Ten Principles of the United Nations (UN) Global Compact, Singapore Exchange Limited (SGX) Listing Rules 711A and 711B, Practice Note 7.6 Sustainability Reporting Guide and SGX Core Environmental, Social and Governance (ESG) Metrics. Our climate-related financial disclosures are guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as well as the CDP Climate Change programme. Our previous report was published in March 2022.

Materiality GRI 2-14 | 3-1

Our materiality assessment process takes guidance from the GRI Standards. Our material sustainability factors are reviewed and endorsed by our Sustainability Steering Committee (SSC) and the Board of Directors annually.

In 2022, we performed a materiality assessment to determine potential impacts arising from the changes taking place in the energy sector and our transformation journey. Our refreshed Sustainability Framework on page 20 articulates our material sustainability factors and focus as we aspire to become an energy company of the future.

Our materiality assessment consists of a four-step process:

1. Identifying a list of potential ESG aspects through landscape research, review of ESG rating reports, internationally recognised ESG standards and frameworks, peer benchmarking, as well as global and industry studies on current and future sustainability trends. The ESG aspects were then filtered down to a list of preliminary aspects relevant to our business and industry.
2. Using the AA1000 Stakeholder Engagement Standard as our guide, we identified and mapped our stakeholders on an influence and interest matrix. We then obtained feedback on the ESG priorities of key stakeholder groups through the relevant relationship holders in the company based on their ongoing engagement.
3. Drawing on the insights and perspectives gathered via steps 1 and 2, the ESG aspects were grouped and prioritised to form our material sustainability factors.
4. The material factors and aspects were further refined in consultation with our leadership, and validated and approved by our board.

Reporting Scope GRI 2-2 | 2-3

Our report provides information on Sembcorp as well as our subsidiaries and covers the period from January 1 to December 31, 2022.

It excludes operations, joint ventures, partnerships and associates where Sembcorp does not have management and / or operational control, with the exception of GHG emissions data. We report our 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 with the Group. Their data will be included in the report once a calendar year of data is available.

Data pertaining to entities divested during the year is excluded from our report. In 2022, we announced the sale of Sembcorp Energy India Limited (SEIL), which operates two coal-fired plants. The sale was completed in January 2023. Data for SEIL is included in this report.

Assurance GRI 2-5

We have engaged DNV Business Assurance Singapore Pte. Ltd. (DNV) to undertake an independent limited assurance of sustainability information in our report. The Assurance Statement can be found on pages 33 and 34.

Supporting the Sustainable Development Goals

The UN Sustainable Development Goals (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 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.

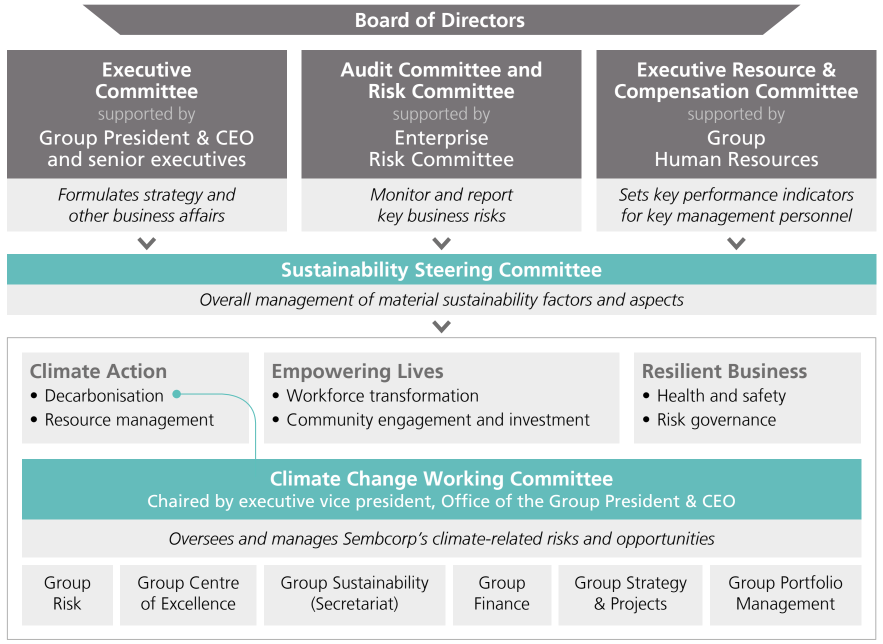
In line with our strategic focus as a provider of sustainable solutions, we have adopted SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action) as our priority SDGs. Our brown to green strategic transformation targets support these SDGs. We recognise that the SDGs are a holistic framework for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

For more information on how we support SDGs 7 and 13, please refer to the Climate Action Plan section on the Sustainability webpage.

Sustainability Governance

2-9 | 2-12 | 2-13 | 2-14

Sembcorp's Board of Directors oversees the business affairs of the Group. The board provides leadership on Sembcorp's overall strategy, which takes into consideration our material sustainability factors.



The following board committees provide oversight on sustainability and climate change matters:

- **Executive Committee**
  Provides oversight and supervision of the Group's strategy and business affairs, including our Climate Action Plan
- **Audit Committee (AC) and Risk Committee (RC)**
  Endorse the Group's policies, guidelines and systems to manage risks including climate-related risks. Report to the board on the adequacy and effectiveness of the Group's internal controls and risk management systems
- **Executive Resource & Compensation Committee (ERCC)**
  Sets remuneration framework, reviews and endorses key performance indicators (KPIs) of our key management personnel, including sustainability and climate-related indicators

For more information on the roles and responsibilities of the board, please refer to the Corporate Governance Statement on pages 35 and 36.

Board statement
Sembcorp's Board of Directors is collectively responsible for the long-term success of the company. The board considers sustainability 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 factors and priorities.

Sembcorp's SSC 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 factors. The Group Sustainability division leads the integration of sustainability matters for the company and reports to the group chief financial officer.

For more information on our governance of climate-related matters, please refer to the Decarbonisation section on page 22.

Sustainability-linked Performance Incentives

ESG KPIs are a part of the annual performance scorecard of our senior executives. These include GHG emissions intensity and gross installed renewable energy capacity.

For more information on our performance against targets, please refer to the Performance Highlights on page 20.

Memberships and Associations 2-28

We participate in industry and trade associations that support the sustainability agenda such as UN Global Compact Network Singapore as well as The Association for Decentralised Energy and Energy Storage Network in the UK. Our Group President & CEO was elected as the World Energy Council's Vice Chair, Asia, for the period of 2022 to 2025.

WE SUPPORT

Signatory to the UN Global Compact

Member of the founding consortium of GRI ASEAN Regional Hub

Supporter of the Financial Stability Board's TCFD

Partner of Carbon Pricing Leadership Coalition Singapore

Sustainability contact
We welcome feedback on our sustainability factors and reporting at sustainability@sembcorp.com

Our ESG Priorities: Climate Action

Decarbonisation GRI 3-3 | 305-1 | 305-2 | 305-3 | 305-4

Why this is material

The energy generation sector contributes to over one third of global emissions[1]. Decarbonisation of the energy sector is critical to reduce GHG emissions and limit global warming. We recognise our role in supporting the collective transition towards a lower carbon economy, and the need to manage evolving climate-related risks and opportunities.

Our approach

The drive to decarbonise is our focus and priority. In 2021, we announced our brown to green transformation strategy with accompanying climate targets for the short, medium and long term.

Emissions performance and impact are integrated and tracked on various enterprise platforms including our Integrated Assurance Framework (IAF), annual budget planning as well as investment approval process. This brings about alignment of resources and attention towards achieving our goals. We work with like-minded partners to grow our renewable energy capacity and explore new technologies. We apply digital tools and engineering excellence to operate our plants optimally.

For more information on our climate-related risks and opportunities, please refer to the TCFD report on pages 26 to 28.

Our frameworks and policies

- Climate Action Plan
- Group Health, Safety, Security and Environment (HSSE) Policy
- Group Environmental Policy
- Group Internal Carbon Pricing Framework

Reference frameworks

- The Paris Agreement
- GHG Protocol
- TCFD recommendations
- Science Based Targets initiative (SBTi) criteria

Our governance

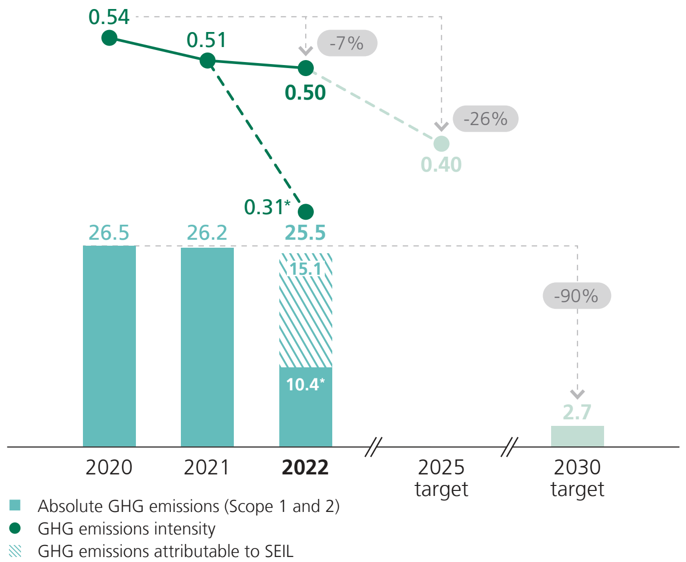
Sembcorp's Climate Change Working Committee (CCWC) oversees the development of plans, processes and reports that address the Group's climate-related risks and opportunities. Its role includes the review and development of policies and frameworks, assessment of risks and opportunities, setting of targets and implementation of relevant initiatives, as well as facilitation of reporting and disclosure of performance. This committee is chaired by the executive vice president, Office of the Group President & CEO and supported by Group Sustainability as secretariat. The committee meets at least twice a year and provides updates to our Enterprise Risk Committee (ERC), SSC as well as the board's RC. The ERC and SSC are chaired by the Group President & CEO.

The ERC and RC each meet on a quarterly basis to review and enhance the effectiveness of the Group's IAF, including its risk management plans, systems, processes and procedures. The committee also regularly reviews group-wide risks including climate-related risks. The ERCC supports the inclusion of sustainability-linked KPIs and targets such as GHG emissions intensity and gross installed renewable energy capacity for key management personnel.

Our performance

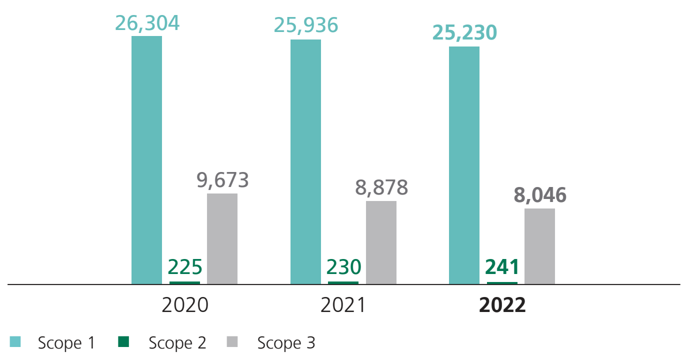
- The sale of SEIL, which operates two coal-fired plants, was completed in January 2023 and SEIL's GHG emissions are accounted for in our Scope 1, 2 and 3 emissions for 2022. We worked with an external consultant with regards to the classification of SEIL's emissions in accordance with the GHG Protocol post-transaction. The proportional emissions of SEIL will be accounted for under Scope 3 (Category 15 – Investments), and reported in our Sustainability Report 2023.
- GHG emissions intensity reduced slightly to 0.50 tonnes of carbon dioxide equivalent per megawatt-hour (tCO_2e/MWh) mainly due to an increase in renewable energy generation.
- Absolute GHG emissions (Scope 1 and 2) reduced to 25.5 million tCO_2e due to reduced energy generation from our conventional energy operations.
- Scope 3 emissions decreased by 9.4% to 8.0 million tCO_2e mainly due to lower natural gas sales.
- We maintained our CDP Climate Change score of "B" in 2022. A "B" score signifies that the company is taking coordinated action on climate issues.
- Our gross installed renewable energy capacity comprising wind, solar and energy storage assets more than doubled from 2.8GW in 2021 to over 6.8GW. As at December 31, 2022, our global energy portfolio mix, based on gross installed capacity[2], stands at 58% conventional energy and 42% renewables.

Absolute GHG Emissions (Scope 1 and 2) *(million tCO_2e)* **and Emissions Intensity** *(tCO_2e/MWh)*

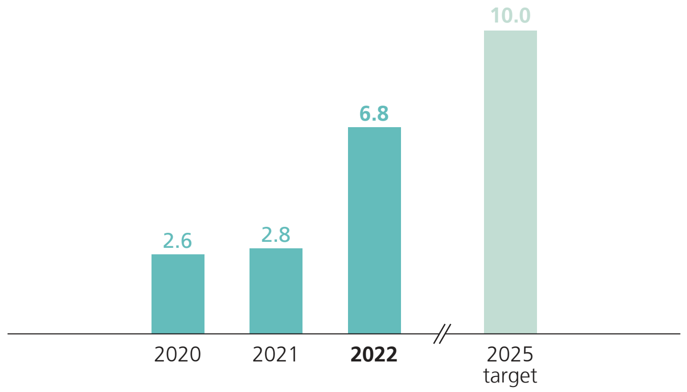


Note: Figures marked with an asterisk illustrate our absolute GHG emissions and emissions intensity excluding emissions attributable to SEIL

Scope 1, 2 and 3 GHG Emissions *($ktCO_2e$)*



Gross Installed Renewable Energy Capacity* *(GW)*



* Figures exclude acquisitions pending completion and projects under development

[1] World Energy Outlook 2022 report

[2] Excludes acquisitions pending completion and projects under development

Our ESG Priorities: Climate Action

Sustainable finance: Annual update 2022
In August 2021, Sembcorp launched its Sustainable Financing Framework. DNV provided a second party opinion, confirming alignment of the framework with the Sustainability-linked Bond Principles 2020 and Sustainability-linked Loan Principles 2021.

The framework outlines three KPIs – KPI 1: GHG emissions intensity, KPI 2: GHG absolute emissions and KPI 3: Gross installed renewable energy capacity. The sustainability-linked loans and sustainability-linked bond issuances cover KPI 1 and KPI 3 and the performance of both KPIs have been externally reviewed by DNV. With the sale of SEIL, we will meet the target for KPI 1 in 2023 ahead of the target year. We are close to meeting KPI 3 with 9.8GW of gross renewables capacity installed and under development, including acquisitions pending completion. We will be reviewing and setting new Sustainability Performance Targets (SPTs) in the coming years.

For more information on the Sustainable Financing Framework, Second Party Opinion and Independent Limited Assurance Report, please refer to the Sustainable Finance section on the Investors webpage.

Performance against SPTs as at December 31, 2022

KPIs	2020 Baseline	2022 Performance	2025 SPTs
KPI 1: GHG emissions intensity[1] *(tCO_2e/MWh)*	0.54	0.50	0.40
KPI 3: Gross installed renewable energy capacity[2] *(GW)*	2.6	6.8	10.0

[1] 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

[2] Refers to gross alternating current capacity of the plant at commercial operation date as specified in the grid connection agreement or as permitted (assumes 100% ownership of the facility). Figures exclude acquisitions pending completion and projects under development

Resource Management GRI 3-3 | 302-3

Why this is material

Our business activities consume resources such as fuel and water, and in turn generate waste. With resource scarcity and increased costs, the stewardship of resource use has become imperative.

Sembcorp's material energy footprint arises from our conventional energy business where our power plants consume fuel such as natural gas and coal.

Most of our interactions with water arise from our conventional energy and water businesses. Our conventional energy assets withdraw seawater, surface water and groundwater mainly for cooling purposes with a majority returned to the environment. In our water business, our most significant water withdrawal is seawater for the production of desalinated water. Our industrial wastewater treatment facilities treat customers' wastewater, where a portion of the treated water is reclaimed and supplied back to the customers.

Sembcorp's most significant waste-related impact to the environment arises from our conventional energy and water businesses which generate ash and sludge during operations.

Our approach

We seek to produce more with less. We increase energy efficiency and reduce water use through operational optimisation and deployment of digital solutions to monitor and optimise asset performance. Effluent discharge is managed in compliance with relevant local environmental laws and regulations.

For waste management, we adopt the principles of prevent, reduce, reuse, recycle and recover. We seek to implement solutions that support a circular economy in our operations as well as that of our customers'. We also leverage digital solutions to monitor waste-related data and improve operational efficiency.

Our frameworks and policies

- Group HSSE Policy
- Group Environmental Policy
- Group HSSE Environmental Reporting Standard
- Sembcorp Environmental Management Standard

Reference frameworks

- ISO 14001[3]
- ISO 50001

Our governance

The Group Centre of Excellence (GCOE) division oversees resource management. The management of this aspect is guided by the Environmental Management Standard and GCOE ensures the compliance of this standard through internal audits. Quarterly updates to management include plant performance which is tracked against a balance scorecard.

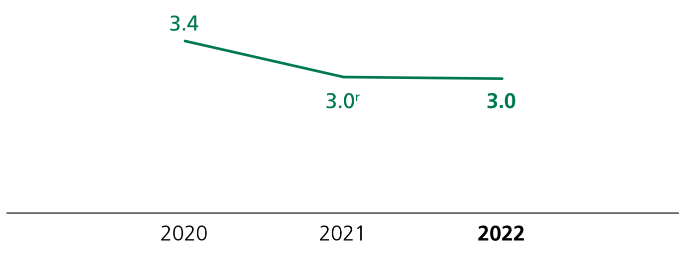
Our performance

The energy intensity[4] of our energy generating assets remained at 3.0 gigajoules per megawatt-hour (GJ/MWh) in 2022.

For more information on our energy optimisation projects, please refer to the TCFD report on page 28.

For more information on our energy, water and waste performance data, please refer to the Performance Indicators section on page 29.

Energy Intensity of Energy Generating Assets *(GJ/MWh)*



[r] We restated our energy intensity figure from 3.1 to 3.0 for 2021 due to a reclassification of an asset as an energy generating asset

[3] All thermal assets under our operational control are ISO 14001 certified and undergo regular external audits. For the coverage of sites certified, please refer to the Memberships, Certifications & Ratings section on our Sustainability webpage

[4] For the computation of energy intensity, we take into account fuel, electricity and heating consumed by energy generating assets

Our ESG Priorities: Empowering Lives

Workforce Transformation GRI 3-3 | 404-1

Why this is material

We need to ensure that our workforce is equipped with the right competencies as we transform our business from brown to green. We recognise that beyond enhancing the professional skills of our existing employees for a changing business landscape, we also need to grow our team in sustainability-related fields.

Our approach

Aligned with our business objectives, we have evolved our approach to learning and development, to greater focus on promoting sustainability[1] and professional skills required to drive the energy transition. We provide digital and in-person learning opportunities for all employees through our Sembcorp Academy learning platform to cater to our business needs.

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

- Talent Management Framework (TMF)
- Sembcorp Academy learning platform
- Human resources talent and performance management system

The TMF establishes our approach to assess employee capability and competency, identify and meet developmental needs, and ensure regular performance reviews, engagement and feedback.

Our frameworks and policies

- Talent Management Framework
- Learning and Development Policy
- Diversity and Inclusion Policy
- Whistleblowing Policy
- Employee Grievance and Disciplinary Action Policy
- Human Rights Policy
- Code of Conduct

Reference frameworks

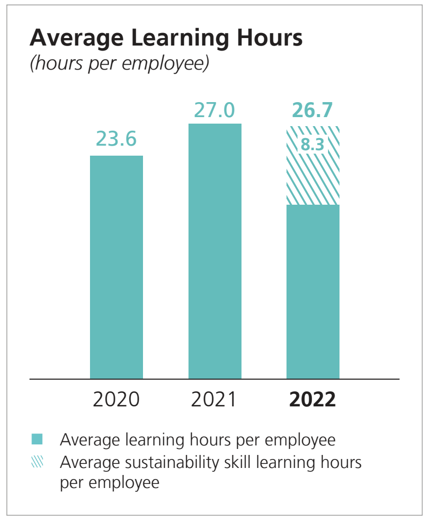
- UN Guiding Principles on Business and Human Rights
- UN Universal Declaration of Human Rights
- Employers' Pledge of Fair Employment Practices under Singapore's Tripartite Alliance for Fair and Progressive Employment Practices

Our governance

The Group Human Resources division oversees talent management and development, employee compensation, as well as the management of human rights and labour standards. Our employee compensation framework is shared with and approved by the board's ERCC.

Our performance

In 2022, we achieved an average of 26.7 learning hours per employee, of which 31.0% were sustainability skill learning hours[1].



Community Engagement and Investment GRI 3-3 | 201-1 | 413-1

Why this is material

Sembcorp's long-term success is dependent on us being a valued partner to the communities we serve. As economies transition towards a lower carbon economy, communities without direct access to green technologies and capabilities are at risk of falling behind. Hence, we seek to enhance value to our communities by supporting them in our collective transition to a lower carbon and more sustainable future.

Our approach

Our revamped community investment strategy seeks to advance SDG 7 (Affordable and Clean Energy), which aims to ensure access to affordable, reliable, sustainable and modern energy for all. We recognise that energy is essential to lives and the economy, and we want to make renewable energy more accessible to our communities. Our local operations are best placed to understand the needs of the community and forge partnerships with local stakeholders. As such, our market teams manage community assessments, engagement programmes and contributions locally, while aligning with group-level strategic frameworks and guidelines.

Our frameworks and policies

- Code of Conduct
- Group Community Grievance Management Policy
- Group Community Investment and Sponsorship Compliance Policy
- Group Community Investment Guidelines
- Group Know-your-counterparties Policy

Reference frameworks

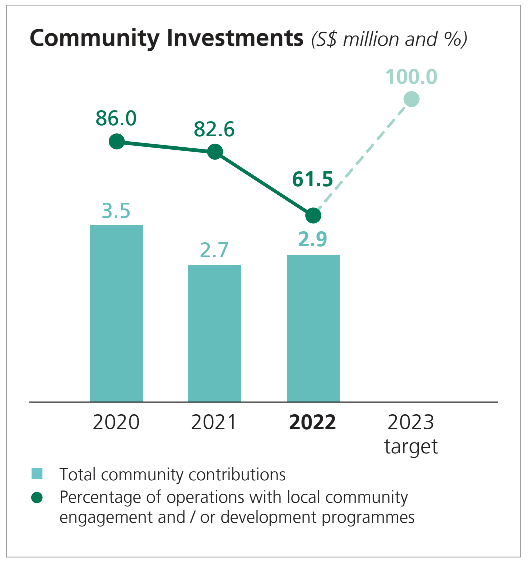
- AA1000 Stakeholder Engagement Standard
- Business for Societal Impact Framework and Guidance

Our governance

The Group Sustainability division oversees community-related matters. For operations located in rural communities, our dedicated community relations teams engage with local stakeholders to understand their needs. Proposed initiatives undergo a counterparty due diligence assessment conducted by the Group Ethics and Compliance division. Quarterly global community investment meetings are held to communicate policies and align community plans.

Our performance

- In 2022, Sembcorp contributed S$2.9 million in cash donations to charities and community initiatives globally. This included over S$2.3 million in mandatory[2] contributions and over S$24,000 in leveraged[3] contributions.
- In 2022, 61.5% of our operations supported communities through local community engagement and / or development programmes. Our China operations continued to face pandemic-related restrictions which affected our ability to organise community engagement programmes.



[1] A sustainability skill module provides practical training for employees, enabling them to undertake work for a sustainable product or service, or develop skills to embed sustainability in their existing functions

[2] Mandatory contributions are community activities which we undertook in response to the requirements of law, regulation or contract

[3] Leveraged contributions are employee contributions raised through our employee fundraising programmes

Our ESG Priorities: Resilient Business

Health and Safety GRI 3-3 | 403-1 | 403-9 | 403-10

Why this is material

The nature of our operations involves exposure to health and safety risks. Any lapse in health or safety protocols may result in direct or indirect impact on our employees, contractors, customers and communities. A robust health and safety management system, supported by strong implementation and monitoring, minimises operational disruption and improves business resilience.

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. Our Group HSSE management system is internally audited and conforms to the relevant Occupational Health and Safety Assessment Series and International Organisation for Standardisation (ISO) Standards, and applies to all employees. We expect our contractors, vendors and suppliers working within or at project sites outside our facilities to conform to our Group HSSE management system.

Our frameworks and policies

- Group HSSE Policy
- Group HSSE Management Framework
- Human Rights Policy

Reference frameworks

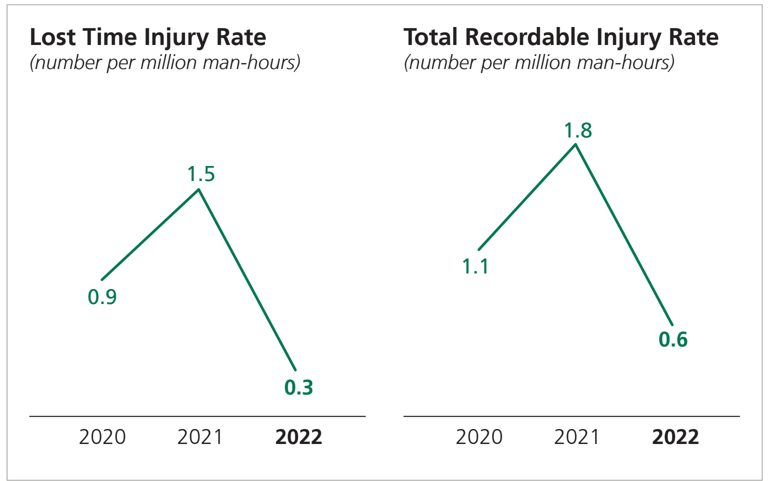
- ISO 45001[1]
- International Association of Oil and Gas Producers (IOGP) Global Safety Performance Indicators
- US National Institute for Occupational Safety and Health (NIOSH) Guidelines

Our governance

The Group HSSE division oversees occupational health and safety matters. The management of health and safety is primarily guided by the Group HSSE Management Framework. Every quarter, updates to the board (via the RC) and management include the review of Sembcorp's health and safety performance and targets, report of relevant health and safety incidents as well as any regulatory updates and highlights of key initiatives.

Our performance

In 2022, there were no work-related fatalities and high-consequence injuries among employees and contractors. There was an improvement in lost time injury rate and total recordable injury rate, which can be attributed to our targeted efforts to reduce incidents associated with slips, trips and falls, and manual handling. Majority of the work-related incidents resulted in minor injuries which required first aid or medical treatment with no lost days.



[1] For the coverage of sites certified, please refer to the Memberships, Certifications & Ratings section on the Sustainability webpage

Risk Governance GRI 3-3 | 205-2

Why this is material

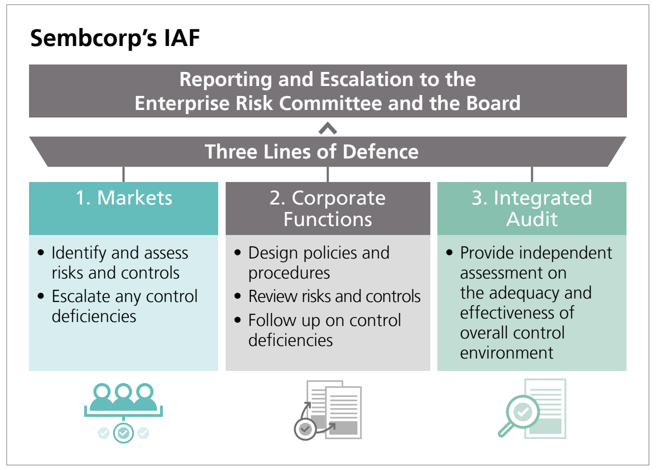
In today's increasingly complex and volatile business landscape, the Group is exposed to a range of risks. Robust risk governance is instrumental to the resilience of our business.

Our approach

We adopt a consistent approach to identify, measure, manage and mitigate risks through our IAF which incorporates the three lines of defence model. Our market teams conduct a quarterly review of their key risks including climate-related risks using a likelihood impact matrix and provide the performance updates to the respective corporate functions.

Principal risks of the Group are identified and accountability is established with the relevant risk owner and coordinator. The risk description, drivers and consequences are determined by risk owners. Key risk indicators and risk appetite are set to facilitate monitoring of risk status.

Our enterprise-wide compliance programme is designed to ensure compliance with our anti-bribery and corruption (ABC) policy and includes counterparty due diligence. Our zero-tolerance stance towards bribery and corruption is regularly communicated to employees through email circulars and e-learning programmes to increase awareness.



For more information on our principal risks and our approach to managing them, please refer to the Corporate Governance Statement on pages 40 and 41.

Our frameworks and policies

- Integrated Assurance Framework
- Code of Conduct
- Group Conflict of Interest Policy
- Whistleblowing Policy
- Group Investment Approval Policy
- Group Data Protection Policy
- Group Anti-bribery and Corruption Policy
- Group Gifts, Entertainment and Travel Policy
- Group Know-your-counterparties Policy
- Group Third Party Representative Anti-bribery and Corruption Due Diligence Policy

Reference frameworks

- SGX Rulebook Practice Guide 9
- Singapore Code of Corporate Governance 2018
- Committee of Sponsoring Organisations of the Treadway Commission: Enterprise Risk Management Framework 2017
- ISO 31000
- ISO 27001
- National Institute of Standards and Technology's Cybersecurity Framework

Our governance

Our risk management strategy and the IAF are set in place by our Board of Directors and supported by the RC and AC. The RC reviews the effectiveness of the IAF, including its risk management plans, systems, processes and procedures quarterly. The Group Integrated Audit division provides independent assurance to the RC and AC on the adequacy and effectiveness of our risk management, financial reporting processes, and internal control and compliance systems.

For more information on the roles and responsibilities of the board, please refer to the Corporate Governance Statement on pages 35 to 43.

Our performance

- 100% of our key markets[2] implemented the IAF in 2022.
- 100% of our existing employees received ABC training[3].
- 100% of our employees acknowledged compliance to the Code of Conduct in 2022.

[2] Coverage follows the reporting scope of this Sustainability Report

[3] New joiners are given more time to complete ABC training as part of their onboarding

Supplemental Information

Climate-related Financial Disclosures

The disclosures in this section are guided by the recommendations of TCFD, and complement the information set forth in our Annual and Sustainability Reports. To avoid the duplication of information, references to the relevant sections are provided.

Given that the disclosures arising from TCFD recommendations involve emerging practice in the assessment and analysis of climate-related risks and opportunities with information based on current expectations, estimates, projections and assumptions; there are limited external assurance standards available.

Hence, in this section, only limited assurance is given on the metrics disclosures where GHG emissions are reported and externally assured in accordance with the GRI Standards as part of our sustainability reporting disclosures.

Governance

TCFD recommendations

- Describe board's oversight of climate-related risks and opportunities
- Describe management's role in assessing and managing climate-related risks and opportunities

In 2022, key topics discussed in CCWC meetings included the assessment and prioritisation of top climate-related risks and opportunities with its associated financial impact. The committee also discussed the approach for scenario analysis to understand business resilience in a world that needs to limit its temperature rise to a 1.5°C threshold. Our senior executives also presented updates on the Group's business and strategic developments to the board. These included growth in renewable energy, progress of our brown to green transformation plan and related climate targets, as well as the Group's financial and carbon budgets.

For more information on the governance of our sustainability and climate-related matters, please refer to the Sustainability Governance and Decarbonisation sections on pages 21 and 22.

Risk Management

TCFD recommendations

- Describe the organisation's processes for identifying, assessing and managing climate-related risks
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

To identify and assess climate-related risks and opportunities, a list was prioritised and discussed at CCWC. To test materiality, potential financial impact and likelihood of occurrence were assessed to identify top climate-related risks and opportunities.

For more information on how we identify, assess and integrate climate-related risks in the IAF, please refer to the Risk Governance section on page 25 and the Corporate Governance Statement on pages 40 and 41.

Our Climate-related Risks Managed Through IAF

TCFD climate-related risks	Our key risks	Management approach
Policy risk *from increasing carbon pricing*	Carbon exposure	Sembcorp is subject to national policies and regulations that impose a price on carbon on our conventional energy assets in Singapore and the UK. To manage carbon exposure risk, we assess our GHG emissions (absolute and intensity) against our emissions reduction targets and report its progress to the management. We also apply an internal market-specific shadow carbon price[1] under different climate scenarios on our new investments and existing operations to evaluate potential financial implications associated with carbon pricing regulations.
Legal risk *from exposure to litigation*	Regulatory compliance – licence to operate	Legal risks arise from non-compliance with applicable environmental laws and regulations impacting our licence to operate. We continuously monitor regulations and track compliance. Any incident of non-compliance is reported to management.
Technology risk *from transition to lower-carbon systems disrupting conventional energy systems*	Strategic competition and relevance	Climate-related technology risks may arise from the failure to identify and adopt disruptive innovation affecting decarbonisation. We manage these risks by identifying new technologies as well as partnering with academia and industrial associations to research and test new technology. Our technological plans and initiatives come under the oversight of the board's Technology Advisory Panel.
Market risk *from shift in supply and demand for certain commodities, products, and services*	Commodity volatility	*For more information on our management approach on commodity volatility risks, please refer to the Corporate Governance Statement on page 41.*
Physical risk *from increased severity of extreme weather events and rising sea levels and temperatures*	Investment governance, project execution and operation	Sembcorp's assets may be impacted by acute and chronic physical risks. These risks may arise from increased severity and frequency of extreme weather, as well as rising sea levels and temperatures. This may lead to financial losses arising from operational disruptions of our assets. Infrastructure resilience is part of our asset design specifications, and our assets are designed and built in line with industry standards. We manage these risks by conducting physical risk assessments of our critical assets every five years and annually reviewing effectiveness of their mitigation and adaptation plans based on local market intelligence. To further mitigate such risks, we insure our assets appropriately.

[1] Our carbon pricing outputs were developed by an external consultant and are updated annually

Supplemental Information

Climate-related Financial Disclosures

Strategy

TCFD recommendations

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning
- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

In this section, we describe our key climate-related risks and opportunities and elaborate on how they inform our strategy and financial planning.

The tables on this page provide details of our top risks and opportunities, as well as associated potential financial impact. We refer to the time horizons below to assess the impact from our climate-related risks and opportunities.

- Short term: Up to five years
- Medium term: Six to 10 years
- Long term: Up to 30 years

Our Top Climate-related Risks

Policy risk: Increasing carbon prices **Impact:** Short to medium term	
Description	In Singapore and the UK, our conventional energy assets are subject to carbon pricing regulations including Singapore's carbon tax, the UK's emissions trading scheme[1] (ETS) and carbon price support[2] (CPS). The risk arising from increasing carbon prices poses an inherent impact on our expenditure. The gross financial impact was approximately S$90 million in 2021 and this is expected to increase in 2022[3].
Strategy and management approach	In our key markets, we monitor the regulatory framework and conduct risk-based scenario analysis on business-as-usual, 2°C and 1.5°C scenarios. We apply an internal carbon price to evaluate carbon exposure and financial impact of carbon pricing regulations on our conventional energy assets. The impact from current and emerging regulation is mitigated with the change-in-law provision of existing utilities and electricity contracts with our customers, allowing some level of carbon tax cost pass-through to customers.

Physical risk: Extreme weather events such as floods **Impact:** Short / medium / long term	
Description	We conducted a high-level physical risk assessment based on the Representative Concentration Pathway (RCP) 4.5 and RCP 8.5 scenarios across nine climate-related physical hazards to establish a priority list of high-risk assets. Based on the assessment, our Middle East assets which are situated near the sea were assessed to be more prone to floods and cyclones. In 2022, there was a flood event in the city surrounding one of our assets. The impact was limited and there was no disruption to our operations. We implemented relevant preventive measures to reduce impact from such events in the future. Based on historical cyclonic events in this region, there is a possibility of such events which may result in potential financial impact of approximately S$1 million in the form of property damage and additional preventive measures.
Strategy and management approach	To mitigate sea and / or storm water ingress, we constructed shore walls and storm water canals for our assets in Middle East. The assets are also covered by insurance in the event of future cyclonic and / or flood events. The cost of response to reduce the impact from floods in our Middle East assets was approximately S$5 million.

Our Top Climate-related Opportunities

Products and services: Deployment of renewable energy solutions **Impact:** Long term	
Description	To support the global energy transition, Sembcorp aims to grow net profit contribution from its Sustainable Solutions portfolio to 70% and achieve a target of gross installed renewable energy capacity of 10GW by 2025. As at December 31, 2022, our gross installed renewable energy capacity including solar, wind and energy storage grew to over 6.8GW, and net profit before exceptional items from the renewables segment grew to S$140 million. In 2022, the renewable energy generated is equivalent to over 6.0 million tCO_2e emissions avoided.
Strategy and management approach	We have a five-year (2021-2025) cumulative growth investment plan of S$4.4 billion to grow our renewable energy and energy storage projects to 10GW by 2025. In 2022, we utilised S$1.6 billion[4] to develop and grow our renewable energy portfolio. *For more information on our key developments and performance in the Renewables segment, please refer to the Operating and Financial Review section on pages 9 to 11.*

Products and services: Development of low carbon hydrogen initiatives **Impact:** Long term	
Description	As a leading producer of renewable energy and the largest importer of natural gas in Singapore, Sembcorp is well-positioned to support the Singapore government's newly outlined approach to develop hydrogen as a major decarbonisation solution.
Strategy and management approach	We entered into strategic partnerships with various Japanese corporations to progress on hydrogen and other decarbonisation initiatives. These initiatives include collaboration on an integrated green ammonia supply chain, as well as hydrogen imports. *For more information on our strategic collaborations, please refer to the press release on the Media Releases section on the Media webpage.*

[1] An emissions trading scheme usually works on the 'cap and trade' principle where a cap is set on the total amount of certain GHGs that can be emitted by sectors covered by the scheme. Within this cap, participants receive free allowances and / or buy emission allowances at auction or on the secondary market which they can trade with other participants as needed

[2] The carbon price floor was introduced on April 1, 2013 and is capped at £18/tCO_2 as at December 31, 2022. It affects the fossil fuel-based electricity generation market in the UK by increasing the cost they face for each tonne of carbon dioxide emitted

[3] The financial year 2022 emissions figure regulated under Singapore's carbon tax and the UK's ETS and CPS are externally audited post-publication of this report

[4] S$1.6 billion consists of S$0.5 billion in capital expenditure and S$1.1 billion in equity investment

Supplemental Information

Climate-related Financial Disclosures

Strategy *(cont'd)*

Brown to green strategic transformation plan

In May 2021, we unveiled our strategic plan to transform our portfolio from brown to green by growing our Renewables and Integrated Urban Solutions businesses. Our transformation plan to support the global energy transition and sustainable development, particularly in Asia, is underpinned by clear targets.

For more information on our performance against our transformation plan, please refer to Our Transformation section on page 3.

In line with our strategic plan, we also reaffirmed our commitment towards SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action).

In addition to our transformation plan, we actively manage our operational emissions from existing assets by implementing optimisation initiatives. Our global energy and water facilities undertook 25 energy optimisation projects that led to a reduction of close to 51,000MWh of electricity consumed. This is equivalent to over 16,000tCO_2e emissions avoided or taking over 3,000 vehicles off the road for a year.

Financial planning 2021-2025

Capital expenditure and allocation

Our total five-year investment in business-as-usual capital expenditure, Renewables and Integrated Urban Solutions projects is projected to be S$5.5 billion. Of this, 80% is expected to be invested in renewable energy to grow our gross installed capacity to 10GW. We expect 50% of the required investment to be funded by project-level debt and green and sustainability-linked financing.

Access to capital

In 2021, we issued our inaugural S$400 million green bond and S$675 million sustainability-linked bond where proceeds were used to enable the Group's strategic transformation plan. As at December 31, 2022, we have raised S$3.3 billion worth of green and sustainability-linked funds in accordance with our Sustainable Financing Framework and Green Financing Framework.

For more information on our Green and Sustainable Financing Frameworks and issuances, please refer to the Sustainable Finance section on the Investors webpage.

Acquisitions and divestments

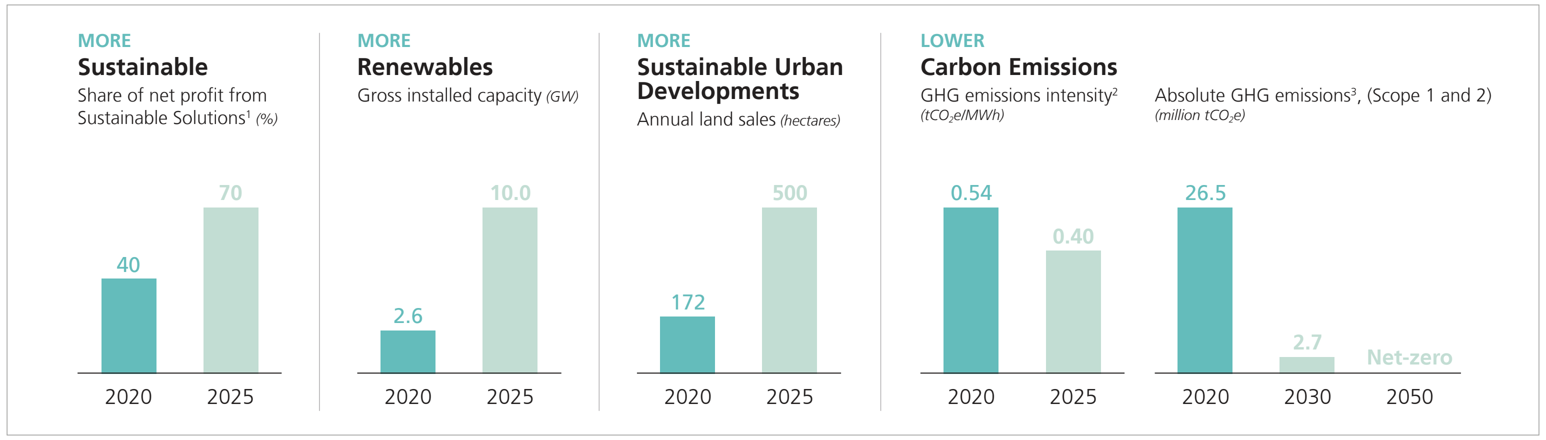
In 2022, we announced the acquisitions of renewable energy assets in China, India and Vietnam totalling 2.4GW. As of February 2023, the Group has 9.8GW of gross renewable capacity installed and under development, including acquisitions pending completion. We also announced the sale of SEIL, which operates two coal-fired plants. The sale of SEIL was completed in January 2023.

For more information on our acquisitions and divestments, please refer to our Chairman and CEO's Statement section on pages 4 and 5.

Direct cost

In our existing operations, we have integrated a carbon budget assessment as part of our annual financial budget and forecast exercise. The output of this assessment provides market-specific GHG emissions and carbon cost forecast. This forecast forms the basis for the setting of the market's emissions intensity targets, as well as provides an estimate of the financial impact of our carbon exposure.

Our Brown to Green Strategic Transformation Targets

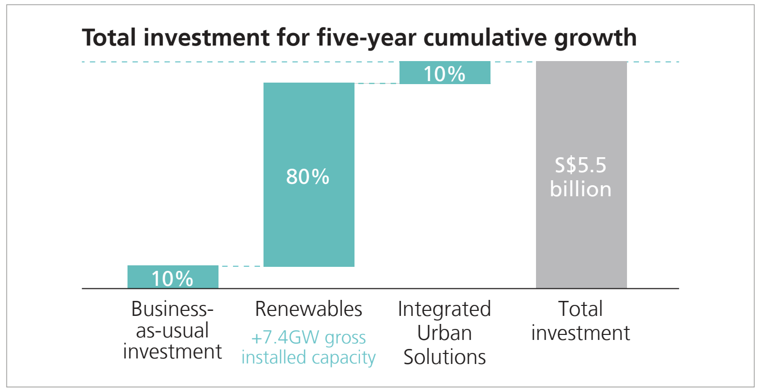


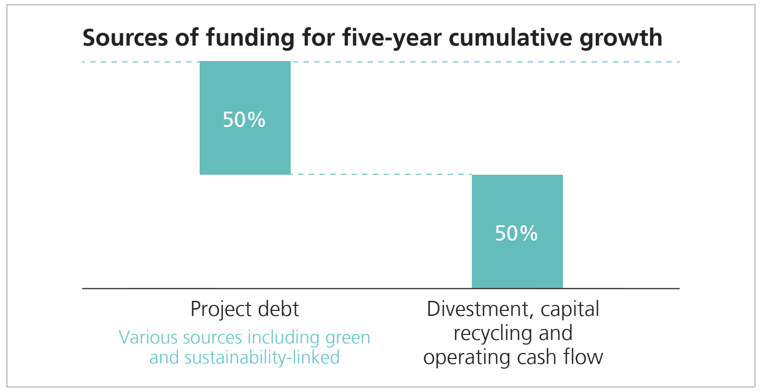
[1] Percentage based on net profit excluding corporate costs and exceptional items. Sustainable solutions include Renewables (wind, solar and energy storage) and Integrated Urban Solutions (urban, water, waste and waste-to-resource) businesses

[2] Our 2025 emissions intensity target is aligned to the scientific guidance of limiting global warming to well below 2°C, compared to pre-industrial levels

[3] Our 2030 absolute emissions target is aligned to the scientific guidance of limiting global warming to 1.5°C, compared to pre-industrial levels

Our Five-year Investment Programme (2021-2025)





Metrics and Targets

TCFD recommendations

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
- Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

For more information on our climate-related metrics and targets in line with our brown to green transformation plan, please refer to our performance in the Decarbonisation section on page 22.

For more information on other environmental metrics, please refer to the Performance Indicators section on page 29.

Supplemental Information

Performance Indicators

Climate Action

	Unit	2022	2021	2020	GRI
Decarbonisation					
GHG emissions[1]					
Scope 1 emissions[2]	*$ktCO_2e$*	**25,229.9**	25,936.3	26,303.5	305-1
Biogenic emissions[3]	*$ktCO_2$*	**543.0**	502.2	518.1	305-1
Scope 2 emissions[4]	*$ktCO_2e$*	**241.3**	229.9	224.8	305-2
Scope 3 emissions[5]	*$ktCO_2e$*	**8,046.1**	8,878.4	9,673.4	305-3
Category 3 – Fuel- and energy-related	*$ktCO_2e$*	**4,088.1**	4,344.1	4,432.3	
Category 11 – Use of sold products	*$ktCO_2e$*	**3,958.0**	4,534.3	5,241.1	
GHG emissions intensity[6]	*tCO_2e/MWh*	**0.50**	0.51	0.54	305-4
Atmospheric emissions					305-7
Nitrogen oxides (NOx)	*kt*	**16.8**	21.6	28.9	
Sulfur oxides (SOx)	*kt*	**48.6**	49.7	65.9	
Renewables capacity					
Gross installed renewable energy capacity[7]	*GW*	**6.8**	2.8	2.6	Non-GRI
Resource management					
Energy					
Total energy consumption within Sembcorp[8]	*PJ*	**170.9**	180.2	184.3	302-1
Total energy consumption within energy generating assets	*PJ*	**151.4**	159.6	168.5	
Energy intensity of our energy generation assets[9]	*GJ/MWh*	**3.0**	3.0[r1]	3.4	302-3
Water					
Water consumption within Sembcorp					303-5
All areas (total)[r2]	*ML*	**56,280.4**	52,224.0	52,342.4	
Stressed areas[r2]	*ML*	**49,284.8**	40,428.1	36,508.9	
Freshwater consumption intensity for energy generating assets[10]	*m^3/MWh*	**0.13**	–	–	Non-GRI
Waste					
Waste generation within Sembcorp	*kt*	**2,696.6**	2,391.6	1,749.2	306-3
Non-hazardous waste	*kt*	**2,650.8**	2,354.3	1,715.8	306-3
Ash	*kt*	**2,615.9**	2,307.2	1,683.2	
Others	*kt*	**34.9**	47.1	32.6	
Hazardous waste	*kt*	**45.8**	37.3	33.4	306-3
Ash	*kt*	**10.8**	9.7	7.7	
Operations and maintenance waste	*kt*	**18.5**	14.5	11.4	
Sludge	*kt*	**16.0**	12.7	14.1	
Others	*kt*	**0.5**	0.4	0.2	

Measurement units:

$ktCO_2e$: kilotonnes of carbon dioxide equivalent

$ktCO_2$: kilotonnes of carbon dioxide

tCO_2e/MWh: tonnes of carbon dioxide equivalent per megawatt-hour

kt: kilotonnes

GW: gigawatt

PJ: petajoules or 1,000,000 GJ

GJ/MWh: gigajoule per megawatt-hour

ML: megalitres or $1000m^3$

m^3/MWh: cubic metres per megawatt-hour

'–': Data not available / disclosed

1 GHG and biogenic emissions data is reported using an equity share approach. Atmospheric emissions data is reported using an operational control approach. Emission factors used are from:

- i Baseline Emission Factors of China's Regional Power Grid
- ii Central Electricity Authority of India
- iii Energy Market Authority, Singapore
- iv Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Chinese Chemical Manufacturers
- v IPCC Fifth Assessment Report (Global Warming Potential factors with 100-year time horizon)
- vi IPCC Guidelines for National Greenhouse Gas Inventories for 2006
- vii UK Government GHG Conversion Factors for Company Reporting 2022

2 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. The data includes emissions from SEIL, which operates two coal-fired plants. With effect from January 2023, the proportional emissions of SEIL will be accounted for under Scope 3 (Category 15 – Investments), and reported in our Sustainability Report 2023

Empowering Lives

	Unit	2022	2022 %	2021	2021 %	2020	2020 %	GRI
Workforce transformation[11]								
Employment								
Number of employees	*number*	**5,619**		5,633		5,113		2-7
Male	*number | %*	**4,579**	**81.5**	4,646	82.5	4,169	81.5	
Female	*number | %*	**1,040**	**18.5**	987	17.5	944	18.5	
Breakdown of employees by age group[12]								405-1
< 30 years	*%*	**14.0**		15.9		18.6		
30–49 years	*%*	**60.2**		57.6		59.5		
≥ 50 years	*%*	**25.7**		26.5		22.0		
Percentage of females								405-1
Senior management[13]	*%*	**20.0**		23.4		20.4		
Board of Directors	*%*	**11.1**		10.0		9.1		
New employee hires	*number | %*	**911**	**16.2**	823	14.6	634	12.4	401-1
New hires by gender[14]								401-1
Male	*number | %*	**702**	**15.3**	665	14.1	498	11.9	
Female	*number | %*	**209**	**20.6**	158	16.0	136	14.6	
New hires by age group[14]								401-1
< 30 years	*number | %*	**286**	**36.3**	261	29.1	238	25.1	
30–49 years	*number | %*	**548**	**16.2**	432	13.3	336	11.1	
≥ 50 years	*number | %*	**77**	**5.3**	130	8.7	60	5.3	
Employee turnover[15]	*number | %*	**745**	**13.3**	896	15.7	634	12.4	401-1
Turnover rate by gender[16]								401-1
Male	*number | %*	**601**	**13.1**	729	15.4	510	12.2	
Female	*number | %*	**144**	**14.2**	167	16.9	124	13.3	
Turnover rate by age group[16]								401-1
< 30 years	*number | %*	**182**	**23.1**	174	19.4	145	15.3	
30–49 years	*number | %*	**417**	**12.3**	485	15.0	346	11.4	
≥ 50 years	*number | %*	**146**	**10.1**	237	15.9	143	12.7	

3 Biogenic emissions from the combustion of biomass are reported separately, in line with GRI Standards

4 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

5 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

6 GHG emissions intensity refers to the Group's total Scope 1, Scope 2 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

7 Gross installed renewable energy capacity figures exclude acquisitions pending completion and projects under development

8 Total energy consumption within Sembcorp is calculated using fuel consumption (coal, natural gas, waste, biomass, fuel oil, diesel and petrol) + energy purchased for consumption + self-generated electricity (renewables) – total energy sold

9 Energy intensity is calculated using energy consumed (within the organisation) as the numerator (GJ), and product energy generated (MWh) as the denominator

r1 We restated our energy intensity figure from 3.1 to 3.0 for 2021 due to a reclassification of an asset as an energy generating asset

r2 We restated our water consumption figures for 2021 and 2020 due to a refinement of our data measurement systems of a wastewater treatment plant

10 Freshwater consumption intensity for energy generating assets is calculated using total freshwater consumption as the numerator, and total energy generated as the denominator. Freshwater includes municipal water supply, surface water and groundwater

11 Workforce transformation data presented for 2020, 2021 and 2022 relates to permanent and contract employees of Sembcorp and its subsidiaries

12 Percentages may not add up to 100% as they are rounded to the nearest one decimal place

13 Senior management is defined as employees who have the designation of senior vice president and above

14 In 2022, we updated our reporting for the rate of new hires by gender and age group to be the percentage of new hires by gender / age group over the total number of employees in the respective gender / age group category. Similarly, we updated the breakdown for new hires rates for 2020 and 2021 to facilitate year-on-year comparison

15 Employee turnover covers both voluntary and involuntary turnover

16 Rate of employee turnover by gender and age group is the percentage of employee turnover by gender / age group over the total number of employees in the respective gender / age group category

Supplemental Information

Performance Indicators

Empowering Lives *(cont'd)*

	Unit	2022	2021	2020	GRI
Workforce transformation *(cont'd)*					
Training and education					
Average learning hours per employee	*hours per employee*	**26.7**	27.0	23.6	404-1
Male	*hours per employee*	**26.4**	26.8	23.2	
Female	*hours per employee*	**27.8**	27.6	25.5	
Average sustainability skill learning hours per employee[17]	*hours per employee*	**8.3**	–	–	Non-GRI
Community engagement and investment					
Community investments	*S$ million*	**2.9**	2.7	3.5	201-1
Operations with local community engagement and / or development programmes	%	**61.5**	82.6	86.0	413-1

Resilient Business

	Unit	2022	2021	2020	GRI
Health and safety[18]					
Work-related injuries and ill health					
Work-related fatalities	*number*	**0**	0	0	403-9
Employee	*number*	**0**	0	0	
Contractor	*number*	**0**	0	0	
High-consequence injury cases	*number*	**0**	0	0	403-9
Employee	*number*	**0**	0	0	
Contractor	*number*	**0**	0	0	
Lost work-day cases[19]	*number*	**9**	45	20	403-9
Employee	*number*	**5**	34	12	
Contractor	*number*	**4**	11	8	
Occupational diseases	*number*	**0**	0	4	403-10
Employee	*number*	**0**	0	4	
Contractor	*number*	**0**	0	0	
Fatal accident rate[20]	*per million man-hours*	**0.0**	0.0	0.0	403-9
Employee	*per million man-hours*	**0.0**	0.0	0.0	
Contractor	*per million man-hours*	**0.0**	0.0	0.0	
Lost time injury rate[21]	*per million man-hours*	**0.3**	1.5	0.9	403-9
Employee	*per million man-hours*	**0.3**	2.4	1.2	
Contractor	*per million man-hours*	**0.2**	0.7	0.6	
Total recordable injury rate[22]	*per million man-hours*	**0.6**	1.8	1.1	403-9
Employee	*per million man-hours*	**0.6**	2.8	1.4	
Contractor	*per million man-hours*	**0.5**	0.9	0.9	
Occupational disease rate	*per million man-hours*	**0.0**	0.0	0.2	403-10
Employee	*per million man-hours*	**0.0**	0.0	0.4	
Contractor	*per million man-hours*	**0.0**	0.0	0.0	
Number of man-hours worked	*million man-hours*	**33.9**	30.3	23.2	403-9
Employee	*million man-hours*	**15.8**	14.1	10.1	
Contractor	*million man-hours*	**18.1**	16.2	13.1	

Resilient Business *(cont'd)*

	Unit	2022	2021	2020	GRI
Risk governance					
IAF implementation across key markets[23]	%	**100**	–	–	Non-GRI
Total number and monetary value of significant[24] fines that were paid during the reporting period	*number | S$ million*	**6 | 9.6[25]**	2 | 8.5	1 | 21.5	2-27
Operations[26] assessed for risks related to corruption	%	**100**	–	–	205-1
Employee completion of ABC training[27]	%	**100**	100	100	205-2
Confirmed incidents of corruption and actions taken	*number*	**0**	–	–	205-3

'–': Data not available / disclosed

17 A sustainability skill module provides practical training for employees, enabling them to undertake work for a sustainable product or service, or develop skills to embed sustainability in their existing functions

18 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

19 Lost work-day count begins the day after the onset of the accident. "Day" refers to calendar day. 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

20 Fatal accident rate is defined as the number of fatalities per 100 million man-hours worked

21 Lost time injury rate is defined as the number of fatalities and lost work-day cases per million man-hours worked

22 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

23 Coverage follows the reporting scope of this Sustainability Report

24 Refers to fines that are equal to or above S$50,000 that are paid during the financial year

25 Consists of final tranche payment of approximately S$7.8 million pertaining to a S$44 million civil settlement arising from the discharge of off-specification wastewater by Sembcorp's 98.42% joint venture wastewater treatment company in China, as disclosed in our Annual Reports 2019, 2020 and 2021. The remaining S$1.8 million pertains to value-added tax related penalties in China

26 Refers to Group's operations in key markets. Coverage follows the reporting scope of this Sustainability Report

27 Refers to existing employees. New joiners are given more time to complete ABC training as part of their onboarding

Supplemental Information

GRI Content Index

Sembcorp Industries has reported the information cited in this GRI content index for the period January 1 to December 31, 2022 with reference to the GRI Standards.

We report all sustainability data, with the exception of GHG emissions data, using an operational control approach. All operations, joint ventures, partnerships and associates where Sembcorp does not have management and / or operational control is excluded. We report our absolute emissions and emissions intensity using an equity share approach. Data on health and safety as well as community investments from our assets under construction is included. Data pertaining to entities divested during the year is excluded from our report.

General Disclosures

GRI standard	Disclosure reference	Description title	Disclosure	Page(s)	External assurance
GRI 1: Foundation 2021			Sustainability Report 2022	19–32	
The organisation and its reporting practices					
GRI 2: General disclosures 2021	2-1	Organisational details	Sembcorp Industries Ltd		
			About Sembcorp		
			Sembcorp Industries Constitution		
			Notes to the Financial Statements: Our Group Structure	104–106	
			Location of Headquarters		
			Our Global Presence		
	2-2	Entities included in the organisation's sustainability reporting	Our Approach to Sustainability: Reporting Scope	21	
			Notes to the Financial Statements: Our Group Structure	104–106	
	2-3	Reporting period, frequency and contact point	Our Approach to Sustainability: Reporting Scope	21	
			Annual Reporting Cycle		
			Published on 29 March 2023		
			Our Approach to Sustainability: Sustainability Contact	21	
			Contact Us		
	2-4	Restatements of information	Supplemental Information: Performance Indicators	29	
	2-5	External assurance	Our Approach to Sustainability: Assurance	21	
			Supplemental Information: Assurance Statement	33–34	
GRI G4 Electric utilities disclosures	EU1	Installed capacity, broken down by primary energy source and by regulatory regime	Sembcorp Industries: Energy Assets		
Activities and workers					
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	About Sembcorp		
			Our Businesses		
			Our Global Presence		
			Our Sustainable Solutions Portfolio	3	
			Acquisition and Disposal of Subsidiaries	110–111	
	2-7	Employees	Supplemental Information: Performance Indicators	29	✓
Governance					
GRI 2: General disclosures 2021	2-9	Governance structure and composition	Our Approach to Sustainability: Sustainability Governance	21	
			Board of Directors	16-17	
			Corporate Governance Statement	35–43	
	2-10	Nomination and selection of the highest governance body	Corporate Governance Statement	35–43	
***Governance** (cont'd)*					
GRI 2: General disclosures 2021	2-11	Chair of the highest governance body	Board of Directors	16-17	
	2-12	Role of the highest governance body in overseeing the management of impacts	Our Approach to Sustainability: Sustainability Governance	21	
	2-13	Delegation of responsibility for managing impacts	Our Approach to Sustainability: Sustainability Governance	21	
			Supplemental Information: Climate-related Financial Disclosures 2022	26	
	2-14	Role of the highest governance body in sustainability reporting	Our Approach to Sustainability: Materiality	21	
			Our Approach to Sustainability: Sustainability Governance	21	
	2-16	Communication of critical concerns	Whistleblowing Policy		
	2-17	Collective knowledge of the highest governance body	Corporate Governance Statement	35–37	
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance Statement	36	
	2-19	Remuneration policies	Corporate Governance Statement	38–40	
	2-20	Process to determine remuneration	Corporate Governance Statement	38–40	
	2-26	Mechanisms for seeking advice and raising concerns	Whistleblowing Policy		
Strategy, policies and practices					
GRI 2: General disclosures 2021	2-22	Statement on sustainable development strategy	Chairman and CEO's Statement	4–5	
	2-23	Policy commitments	Code of Conduct		
	2-27	Compliance with laws and regulations	Supplemental Information: Performance Indicators	30	✓
	2-28	Membership of associations	Memberships, Certifications and Ratings		
			Our Approach to Sustainability: Memberships and Associations	21	
Stakeholder engagement					
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	Stakeholder Engagement		
			Corporate Governance Statement	43	
Material topics					
GRI 3: Material topics 2021	3-1	Process to determine material topics	Our Approach to Sustainability: Materiality	21	✓
			Materiality Process		
	3-2	List of material topics	Our Sustainability Framework	20	

Supplemental Information

GRI Content Index

Material Sustainability Factors

GRI standard	Disclosure reference	Description title	Disclosure	Page(s)	External assurance
Decarbonisation					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Climate Action	22	
GRI 201: Economic performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	Climate Action Plan Supplemental Information: Climate-related Financial Disclosures 2022	 26-28	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Our ESG Priorities: Climate Action Supplemental Information: Performance Indicators	22 29	✓
	305-2	Energy indirect (Scope 2) GHG emissions	Our ESG Priorities: Climate Action Supplemental Information: Performance Indicators	22 29	✓
	305-3	Other indirect (Scope 3) GHG emissions	Our ESG Priorities: Climate Action Supplemental Information: Performance Indicators	22 29	✓
	305-4	GHG emissions intensity	Our ESG Priorities: Climate Action Supplemental Information: Performance Indicators	22 29	✓
	305-7	Nitrogen oxides and sulfur oxides	Supplemental Information: Performance Indicators	29	✓
Non-GRI indicator	N/A	Gross installed renewable energy capacity	Supplemental Information: Performance Indicators	29	✓
Resource management					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Climate Action	23	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Supplemental Information: Performance Indicators	29	✓
	302-3	Energy intensity of our energy generating assets	Our ESG Priorities: Climate Action Supplemental Information: Performance Indicators	23 29	✓
GRI 303: Water and effluents 2018	303-5	Water consumption	Supplemental Information: Performance Indicators	29	✓
Non-GRI indicator	N/A	Freshwater consumption intensity for energy generating assets	Supplemental Information: Performance Indicators	29	✓
GRI 306: Waste 2020	306-3	Waste generated	Supplemental Information: Performance Indicators	29	✓
Workforce transformation					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Empowering Lives	24	
GRI 2: General disclosures 2021	2-7	Employees	Supplemental Information: Performance Indicators	29	✓
GRI 401: Employment 2016	401-1	Employment	Supplemental Information: Performance Indicators	29	✓
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Our ESG Priorities: Empowering Lives Supplemental Information: Performance Indicators	24 30	✓

GRI standard	Disclosure reference	Description title	Disclosure	Page(s)	External assurance
Workforce transformation *(cont'd)*					
Non-GRI indicator	N/A	Average sustainability skill learning hours per employee	Our ESG Priorities: Empowering Lives Supplemental Information: Performance Indicators	24 30	✓
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Supplemental Information: Performance Indicators	29	✓
Community engagement and investment					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Empowering Lives	24	
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	Our ESG Priorities: Empowering Lives Supplemental Information: Performance Indicators	24 30	✓
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Our ESG Priorities: Empowering Lives Supplemental Information: Performance Indicators	24 30	✓
Health and safety					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Resilient Business	25	
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	Our ESG Priorities: Resilient Business	25	
	403-9	Work-related injuries	Our ESG Priorities: Resilient Business Supplemental Information: Performance Indicators	25 30	✓
	403-10	Work-related ill health	Our ESG Priorities: Resilient Business Supplemental Information: Performance Indicators	25 30	✓
Risk governance					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Resilient Business Corporate Governance Statement	25 35–43	
Non-GRI indicator	N/A	IAF implementation for business units operating in key markets	Our ESG Priorities: Resilient Business Supplemental Information: Performance Indicators	25 30	✓
GRI 2: General disclosures 2021	2-27	Compliance with laws and regulations	Supplemental Information: Performance Indicators	30	✓
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Supplemental Information: Performance Indicators	30	✓
	205-2	Communication and training about anti-corruption policies and procedures	Our ESG Priorities: Resilient Business Supplemental Information: Performance Indicators	25 30	✓
	205-3	Confirmed incidents of corruption and actions taken	Supplemental Information: Performance Indicators	30	✓

Supplemental Information

Assurance Statement

DNV

Introduction

DNV Business Assurance Singapore Pte. Ltd. ('DNV') has been commissioned by the management of Sembcorp Industries Ltd ('Sembcorp', or 'the Company', a company registered with the Accounting and Corporate Regulatory Authority, Singapore (UEN: 199802418D)) to undertake an independent limited assurance in connection with select subject matter to be included in the Company's Sustainability Report 2022 ('the Report') for the calendar year ending 31 December 2022. The Management of Sembcorp is responsible for developing the Report. The intended users of this Assurance Statement are the Management of the Company.

Scope and Boundary of Assurance

The scope of assurance included a review of sustainability-related disclosures and performance data from Sembcorp and its operating subsidiaries across the globe.

The sustainability disclosures in this Report have been prepared based on the identified material sustainability factors and related performance disclosures in relation to business activities undertaken by the Company for the calendar year 1 January 2022 to 31 December 2022.

We have performed a limited level of engagement using DNV's assurance methodology VeriSustain™ which is based on our professional experience, ISAE 3000 and GRI's Reporting Principles. Our assurance engagement was limited to select subject matter and carried out during October 2022 to March 2023.

Our verification methodology applies a ±5% uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

Responsibilities of the Management of Sembcorp and of the Assurance Provider

The Company's management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing, and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information, ensuring that data is free from material misstatement and maintaining the integrity of their website under digital domain. The Board has complete oversight and is responsible for the Company's sustainability reporting. Sembcorp has stated that this Report has adopted general disclosures and selected topic-specific disclosures related to identified material sustainability factors.

In performing our assurance work, DNV's responsibility is solely towards the Management of Sembcorp in accordance with terms of reference agreed, however this assurance statement represents our independent opinion and is intended to inform the outcome of the assurance to the Company's stakeholders. DNV's responsibility is to form an independent conclusion. We are providing a 'limited level' of assurance based on DNV VeriSustain. We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our Assurance Opinion.

Basis of Our Opinion

We had planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e., we concentrated our verification efforts on the issues of high material relevance to Sembcorp and its key stakeholders. A team of sustainability assurance specialists reviewed non-financial disclosures related to the headquarters in Singapore, and selected sites of Sembcorp based on DNV's sampling plan. We conducted hybrid audit which included site visits to Sembcorp Headquarters in Singapore and remote audits over performance data of selected sites. We performed the following activities:

- Review of the non–financial sustainability-related disclosures (as indicated by a tick symbol under the 'External assurance' column in the GRI Content Index published by Sembcorp) in this Report;

- Desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the Group Sustainability division;

- Conducted interviews with data owners from Sembcorp to understand the key processes and controls for reporting business units' performance data;

- Carried out physical site visit at the Company's headquarters in Singapore and remote audits over performance data of selected sites, to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy;

- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritised based on risk-based approach, i.e., relevance of identified material aspects and sustainability context of the business; and

- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

Opinion and Observations

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the information related to the select subject matter for the Report for the year ended 31 December 2022 has not been prepared, in all material respects, with reference to the GRI Standards and its reporting principles. Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain and GRI Reporting Principles:

Materiality

The process of determining the factors that is most relevant to an organisation and its stakeholders.
The report explains the structured process for materiality assessment which Sembcorp has carried out its materiality determination exercise based on consultations with key stakeholders and its key outcomes. Further, the report prioritises material aspects for reporting under three factors namely, Climate Action, Empowering Lives and Resilient Business throughout the organisation, as brought out in the section "Materiality" of the report.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Stakeholder inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.
The report explains the process of identifying stakeholders in the section "Materiality" of the Report. Sembcorp has engaged key stakeholder groups through the relevant relationship holders in the Company and obtained their feedback on ESG priorities based on their ongoing engagement.
Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

Responsiveness

The extent to which an organisation responds to stakeholder issues.
The Report brings out Sembcorp's responses and strategies related to identified material aspects and key stakeholder concerns through disclosures on management approach, governance, policies across various sections of the Report. Further the Report also brings out its non-financial performance related to the identified material aspects.
Nothing has come to our attention to believe that the Report has not met the Principle of Responsiveness for the selected performance standards.

Supplemental Information

Assurance Statement

DNV

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

Sembcorp is using a combination of several data management systems to monitor, track and consolidate key sustainability disclosures across its reporting boundaries. The majority of data and information verified by us were found to be fairly accurate and reliable. Some minor data inaccuracies identified during the verification process of the sample data sets were found to be attributable to transcription, interpretation and aggregation errors. The data inaccuracies have been communicated for correction and the related disclosures were reviewed for correctness.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported.

The Report brings out the Company's sustainability or non-financial disclosures during the reporting year related to material factors using appropriate GRI topic-specific Standards, for its identified boundary of operations.

Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to the identified scope.

Neutrality

The extent to which a report provides a balanced account of an organisation's performance, delivered in a neutral tone.

The Report brings out disclosures related to Sembcorp sustainability performance including key concerns and challenges faced during the reporting period in a neutral tone in terms of content and presentation.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Limitations

DNV's assurance engagements are based on the assumption that the data and information provided by Sembcorp to us as part of our review have been provided in good faith, are true, and are free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance, and reporting practices of Sembcorp suppliers, contractors, and any third parties mentioned in the Report. The Company's position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements[1], which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct[2] during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process.

Purpose and Restriction on Distribution and Use

This report, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

For and on behalf of DNV Business Assurance Singapore Pte. Ltd.

Sathishkumar

N Sathishkumar
Lead Verifier
Head, Sustainability Services

DNV Business Assurance Singapore Pte. Ltd.

Digitally signed by Nagarajan, Sathishkumar
Date: 2023.03.17 12:54:12 +08'00'

Percy

Percy Lakdawalla
Regional Manager – APAC
Supply Chain and Product Assurance

DNV Business Assurance Singapore Pte. Ltd.

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Date: 2023.03.17 22:15:30 +08'00'

Antonio

Antonio Astone
Assurance Reviewer
Global Service Manager
Assurance and Supply chain

DNV Business Assurance Italia S.r.l.

Digitally signed by Astone, Antonio
Date: 2023.03.17 12:51:06 +01'00'

Singapore
17 March 2023

DNV Business Assurance Singapore Pte. Ltd. is part of DNV, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

1 Audited Financial Statements dated 20 February 2023

2 The DNV Code of Conduct is available on request from www.dnv.com

Corporate Governance Statement

Sembcorp's corporate governance framework is built on the principle of integrity and reflects 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 so as 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 2022 (FY2022) with reference to the principles set out in the Singapore Code of Corporate Governance 2018 (the Code). 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 2022, Sembcorp ranked ninth in the Singapore Governance and Transparency Index, the leading index for assessing corporate governance practices of Singapore-listed companies. At the Securities Investors Association (Singapore) Investors' Choice Awards 2022, Sembcorp was the winner of the Most Transparent Company Award (Utilities), the Shareholder Communications Excellence Award (Big Cap), and runner-up of the Singapore Corporate Governance Award (Big Cap).

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 nine-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 control framework and 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, annual budgets, major investments, divestments, funding proposals, financial performance reviews, corporate governance practices; and
- Provide guidance and oversight on sustainability issues, including the determination of material environmental, social and governance (ESG) 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 their powers and duties as a director or executive officer of the company, they shall use their 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 their best endeavours to procure that the company shall so comply.

Delegation by the board

The board has established the following 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, maximise the effectiveness of the board as well as 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 as well as 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: E ExCo	A AC	R RC	C ERCC	N NC	T TAP
Ang Kong Hua*	Feb 26, 2010	May 21, 2020	Chairman Non-executive / Independent	C			C	C	C
Tow Heng Tan	Jun 1, 2021	Apr 21, 2022	Deputy Chairman Non-executive / Non-independent	M			M	M	
Tham Kui Seng	Jun 1, 2011	Apr 21, 2022	Non-executive / Independent	M			M		
Ajaib Haridass	May 1, 2014	Apr 21, 2022	Non-executive / Independent		M	C			
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	M			M
Nagi Hamiyeh**	Mar 3, 2020	May 21, 2020	Non-executive / Non-independent	M					
Lim Ming Yan	Jan 18, 2021	Apr 22, 2021	Non-executive / Independent			M	M	M	M
Wong Kim Yin	Jul 1, 2020	Apr 22, 2021	Executive / Non-independent	M					M

C: Chairman M: member

* Up for retirement but not seeking re-election and will retire at the upcoming annual general meeting (AGM)

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

Executive Committee E

The ExCo assists the board in ensuring that the Group's business and affairs are conducted in line with the strategic direction set by the board. In pursuing the objective, the ExCo assists in developing the overall strategy for the Group and supervising the management of the Group's business and affairs, including its material sustainability factors. The ExCo's 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;
- Review the status of the Group's projects from development till completion; and
- Review and endorse the Post Investment Review Report for the Group's investments.

For more information on ExCo members, please refer to pages 16 and 17.

Audit Committee A

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

- Review and report to the board, at least annually, 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;
- Approve the respective audit work plans, review the evaluation and reports submitted by external and internal auditors and ensure that audit resources are allocated in line with key business, operational and financial risk areas;
- Review the assistance rendered by management to the auditors and discuss issues or concerns (if any) arising and conduct discussions with the external and internal auditors in the absence of management (where necessary);
- Review and approve the Group's whistleblowing programme and policy and ensure that independent investigations are conducted by the internal auditors and management for 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 Group;
- Monitor and oversee the independence, objectivity, scope and effectiveness, appointment or re-appointment of external auditors annually;

Corporate Governance Statement

- Review and approve interested person transactions in accordance with the requirements of Chapter 9 of the SGX-ST Listing Rules; and
- Undertake any 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.

For more information on AC members, please refer to pages 16 and 17.

Risk Committee R

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

- Review and approve Group-wide risk appetite and risk tolerance, Group risk policies, guidelines, limits and key risk indicators;
- Review and report to the board on the adequacy and effectiveness of the risk management systems, processes and procedures of the Group (in consultation with the AC);
- Review the Group's Integrated Assurance Framework (IAF) reports established for management reporting to the board and RC; and
- Ensure the adequacy of resources to support the management of risks.

For more information on RC members, please refer to pages 16 and 17.

Executive Resource & Compensation Committee C

Comprising non-executive 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. Its principal responsibilities are to:

- Assist the board to ensure competitive remuneration policies and practices are in place, and in line with prevailing economic environment, industry practices as well as 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;
- Review and recommend to the Board on the 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.

For more information on ERCC members, please refer to pages 16 and 17.

Nominating Committee N

The NC comprises non-executive directors, majority of whom including the Chairman 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 appropriate balance of attributes, skills, knowledge and experience in business, finance and related industries, as well as other aspects of diversity and management expertise critical to the company's businesses;
- Recommend the targets to achieve board diversity as deem fit and without compromising the meritocracy principle of appointing qualified directors;
- 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.

For more information on NC members, please refer to pages 16 and 17.

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 and advice to Sembcorp's board and management on technology trends and opportunities to enhance Sembcorp's leadership in its business sectors;
- Advise on technology and digital development areas for innovation and investment;
- Oversee the development and application of significant emerging and potentially disruptive technologies relevant to Sembcorp;
- Advise on the appropriate management of specialised research, development and demonstration projects; and
- Provide guidance to develop systems for intellectual property creation and protection.

For more information on TAP members, please refer to page 17.

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 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 strategic review meetings are organised to facilitate in-depth discussions between the board and management on the Group's strategy and other key issues.

Board and committee meetings, as well as the AGM 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 committee meeting, he will receive 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 by the board and committees may be obtained at meetings or made 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 FY2022 is set out below.

Board orientation and training

The company has a formal and structured orientation framework and programme 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, overall strategic plans and direction, financial performance and business activities in various markets. Visits to facilities are also organised.

The company has 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,

Directors' Attendance at Board and Board Committee Meetings in 2022

Board member	Board	E ExCo	A AC	R RC	C ERCC	N NC	T TAP	AGM	EGM
Total number of meetings held in 2022	**9**	**7**	**5**	**4**	**4**	**2**	**4**	**1**	**1**
Ang Kong Hua	9	7	–	–	4	2	4	1	1
Tow Heng Tan[1]	9	7	–	–	3	1	–	1	1
Tham Kui Seng	9	7	–	–	4	–	–	1	1
Ajaib Haridass	9	–	5	4	–	–	–	1	1
Yap Chee Keong	9	–	5	4	–	–	–	1	1
Dr Josephine Kwa Lay Keng[2]	7*	–	4	3	–	–	4	1	1
Nagi Hamiyeh[3]	7*	3*	–	–	–	1	–	1	1
Lim Ming Yan[4]	7*	–	1	4	4	1	4	1	1
Wong Kim Yin	9	7	–	–	–	–	4	1	1
Nicky Tan Ng Kuang[5]	2	2	–	–	1	1	1	0	–

* Could not attend and conveyed their views / comments for consideration prior to meetings

1 Mr Tow was appointed as Deputy Chairman and member of ERCC and NC with effect from April 21, 2022

2 Dr Kwa was appointed as a member of AC and RC with effect from April 21, 2022

3 Mr Hamiyeh stepped down as a member of NC with effect from April 21, 2022

4 Mr Lim stepped down as a member of AC and was appointed as a member of NC with effect from April 21, 2022

5 Mr Tan retired as director, member of ExCo, ERCC, NC and TAP with effect from April 21, 2022

Corporate Governance Statement

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.

Pursuant to SGX-ST Listing Rule 720(7), all directors attended the sustainability training as required by SGX in 2022.

In 2022, the directors participated in the following briefings and updates provided by the company:

- Briefing on Investment Environment Outlook by an 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 Group President & CEO to the board;
- Update on the IAF presented by Group Integrated Audit (GIA) and Group Risk to AC and RC;
- Updates on key risks and controls environment presented by Group Risk to RC and AC;
- Briefings by Group Sustainability to RC on sustainability matters including approval of material sustainability factors and updates on climate risk assessment;
- Briefings by Group Health, Safety, Security and Environment (HSSE) to RC on HSSE matters, including initiatives and performance;
- Updates on investor relations activities presented by Group Investor Relations to the board;
- Updates on cyber strategy and developments relating to cyber risk management activities and threat landscapes by Group Digital to the board, AC and RC; and
- Updates on IAF on Group Digital's risk and controls by Group Digital to AC and RC.

Relevant articles and reports are also circulated to the directors for information. Furthermore, directors regularly visit the Group's operations in key markets to enhance their understanding of the company's businesses as well as to promote active engagement and foster stronger relationships with stakeholders.

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 committee meetings to provide insight into matters under discussion and to address queries from the board.

Board and committee papers are provided electronically and can be accessed via tablet devices. As a general rule, all relevant board and committee 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 as well as 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 smooth 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 the facilitation of orientations for new directors and assisting in the 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 the 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 1967, 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.

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.

Director Experience / Skills Matrix

Experience / skills	Industry experience	Senior management experience	Strategic planning	Audit / Accounting and Finance	Legal	IT	Research and development (R&D)	Risk management	Human resource management
Ang Kong Hua	✓	✓	✓	✓		✓	✓	✓	✓
Tow Heng Tan	✓	✓	✓	✓				✓	✓
Tham Kui Seng	✓	✓	✓	✓				✓	✓
Ajaib Haridass	✓	✓	✓	✓	✓			✓	✓
Yap Chee Keong	✓	✓	✓	✓		✓		✓	✓
Dr Josephine Kwa Lay Keng	✓	✓	✓	✓		✓	✓	✓	✓
Nagi Hamiyeh	✓	✓	✓	✓		✓		✓	✓
Lim Ming Yan	✓	✓	✓	✓				✓	✓
Wong Kim Yin	✓	✓	✓	✓		✓	✓	✓	✓

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.

Our current board members comprise 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 bring independent and objective perspectives to enable balanced and well-considered decisions to be made.

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

Sembcorp is committed to ensuring and enhancing diversity on the board and will consider the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity, and other relevant factors. The NC will ensure that board appointments are made based on merit, in the context of skills, experience, independence and knowledge of the candidate. The search for new board members will take into account gender representation.

For more information on directors, please refer to pages 16 and 17.

Review of directors' independence
The board assesses each director's independence annually, with a focus on their capacity to bring independence of judgment 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 in spite of 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 2022, 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 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 FY2022 are independent.

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

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 payments in excess of S$200,000 for project costs during FY2021. 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 judgment and act in the best interests of Sembcorp.

Corporate Governance Statement

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 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 six out of nine 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 includes 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 its 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 Ang, Mr Yap and Mr Hamiyeh are due to retire at the forthcoming AGM. Mr Yap and Mr Hamiyeh have offered themselves for re-election. Mr Ang will not be seeking re-election and will be retiring at the upcoming AGM on April 20, 2023.

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 FY2022.

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 FY2022, 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 2022, 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 firm had no relationship with the Group 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. 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 2022, and was revised to align 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 renumerated 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.

Corporate Governance Statement

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$100,000); any excess may be disposed of as desired, subject to the 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 2023 (FY2023) 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 FY2023 is intended to be paid in 2024 after the AGM has been held.

Directors' Fee Framework for FY2022*

	S$
Retainer fee (per annum)	
Chairman (all-in fee)[1]	750,000
Director's basic retainer	100,000
Chairman, ExCo	60,000
Chairman, AC	60,000
Chairman, RC	40,000
Chairman, ERCC	40,000
Chairman, NC	40,000
Chairman, TAP	25,000
Member, ExCo	33,000
Member, AC	33,000
Member, RC	24,000
Member, ERCC	24,000
Member, NC	24,000
Member, TAP	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 / General meeting (flat fee)[3]	1,000
Teleconference (per meeting)	
Board meeting	1,500
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 or general meetings is payable if such meetings are held on separate days from the board meeting. In the event that the committee meeting or general meeting is held on the same day as the board meeting, only a flat fee of S$1,000 is payable

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 superior performance and sustainable growth, to align with the interests of shareholders. The correlation between pay and performance has been validated based on the pay-for-performance assessment conducted by our external consultants, Willis Towers Watson, in 2022.

- **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 bonus**
  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. 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 is 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 and restricted share award are granted to the Group President & CEO, key management personnel and selected business leaders of the Group. The number of performance and restricted shares awarded are 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 approved a five-year Transformation Incentive plan (PSP-TI) under SCI PSP, to further strengthen the alignment of the long-term incentive of the 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 ESG transformation goals including Greenhouse Gas Emissions 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 2022 is based on the achievement of stretched financial and non-financial targets. The restricted shares awarded in 2022 will vest in three equal annual tranches, subject to continued employment with the Group.

For more information on the share-based incentives and performance targets, please refer to Directors' Statement on pages 46 and 47 and Note B6 in the Notes to the Financial Statements on pages 70 to 72.

Pay-for-performance

A pay-for-performance assessment was conducted in 2022 by our external consultants, Willis Towers Watson, to review the alignment between the Group's executive pay programme and business results. The Group's pay levels and performance were benchmarked 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 Group President & CEO and key management personnel, against that of peer companies as disclosed in their latest annual reports.

Corporate Governance Statement

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 presented a strong correlation with the Group's key financial performance drivers. The shareholder return performance conditions that feature in the long-term incentive plan were met and exceeded. As a result, the realised value of the share incentive award was higher than the granted value.

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

Disclosure on Remuneration (Principle 8)

The company is transparent on its remuneration policies which cover the level and mix of remuneration, procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Directors' Remuneration

Based on the Directors' Fee Framework, the computation of non-executive directors' fees totalled S$2,243,556 in 2022 (2021: S$2,158,350).

	Directors' fees	
Name of Director	Cash-based S$'000	Share-based S$'000
Payable by Company		
Ang Kong Hua	525	225
Tow Heng Tan[1]	144	62
Tham Kui Seng	138	59
Ajaib Haridass	148	63
Yap Chee Keong	155	66
Dr Josephine Kwa Lay Keng[2]	134	57
Nagi Hamiyeh[3]	114	49
Lim Ming Yan[4]	161	69
Nicky Tan Ng Kuang[5]	72	–
Payable by Subsidiaries		
Tham Kui Seng	32	–

Notes:

1 Mr Tow was appointed as Deputy Chairman and member of ERCC and NC with effect from April 21, 2022

2 Dr Kwa was appointed as a member of AC and RC with effect from April 21, 2022

3 Mr Hamiyeh stepped down as a member of NC with effect from April 21, 2022

4 Mr Lim stepped down as a member of AC and was appointed as a member of NC with effect from April 21, 2022

5 Mr Tan retired as director, member of ExCo, ERCC, NC and TAP with effect from April 21, 2022

For more information on the performance shares and restricted shares granted to the directors, please refer to the Share-based Incentive Plans section in the Directors' Statement on pages 46 and 47.

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 & CEO	Fixed Pay[6] S$'000	Cash Bonus Earned S$'000	Bonus Declared and Subject to Deferral and Claw-back[7] S$'000	Total Cash Remuneration S$'000
Payable by Company				
Wong Kim Yin	1,366	2,167	2,381	5,915

Contingent Grant under SCI RSP	1,072,200 restricted shares to be granted by April 2023[8]
Contingent Grant under SCI PSP	521,300 performance shares granted on May 31, 2022[9]
	1,751,000 performance shares (PSP-TI) granted on May 31, 2022[10]

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

7 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

8 The vesting of restricted shares is subject to the vesting schedule from 2023 to 2025; estimated fair value per share is S$3.7264

9 The vesting of performance shares is contingent upon the achievement of the three-year performance conditions (absolute total shareholder's return (ATSR), relative total shareholder's return (RTSR) and RE Capacity, aligned with shareholder's value creation and ESG transformation targets) from 2022 to 2024; estimated value per share is S$1.88 based on a consistent fair valuation model and Monte Carlo simulation and calculated by an external consultant

10 The vesting of 2022 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 Emissions 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 2022, the key management personnel (who are not directors or the Group President & CEO), in alphabetical order of their last names, 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	Number of Employees	Fixed Compensation %	Bonus Earned[11] %	Fair Value of Share-based Compensation[12] %	Total Compensation %
4,250,001 – 4,500,000	1	15	40	45	100
4,000,001 – 4,250,000	2	14	41	44	100
3,750,001 – 4,000,000	1	20	37	43	100
3,500,001 – 3,750,000	1	17	36	47	100
3,250,001 – 3,500,000	1	18	65	17	100
1,750,001 – 2,000,000	1	30	39	32	100
Total Aggregate Compensation					**S$25,036,463**

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

12 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 2022, the company had no employees who were immediate family members of a director or the Group President & CEO.

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 strict 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-yearly 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.

The 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 appetite, risk tolerance, 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 and reported regularly to the RC.

Corporate Governance Statement

The section below sets out the Group's Principal Risks, which are not listed in order of significance. Details of our climate-related risks managed through IAF are available in the Climate-related Financial Disclosures on page 26.

Principal Risks	Management Approach
Financial / Operational / Compliance Risks: Geopolitical tensions **Financial / Operational Risks:** Recessionary pressures	Sembcorp's businesses, operations, financials and / or prospects may be adversely affected by developments in global, regional and country level geopolitical environment and economic conditions such as global and country level inflation and recessionary pressures including those in connection with the following: 1. the current elevated tensions between Russia and Western security alliances because of continued conflict in Ukraine; 2. the evolving geopolitical relationship between the US and China which may affect trade and supply chains especially for raw materials required to manufacture assets for the renewables business; and 3. rising inflation and tighter monetary and fiscal policies which have heightened the risk of a global (or regional) recession and may have a negative impact on trade and growth. The impact of the above developments are particularly acute in the developing countries that are highly dependent on US dollar-denominated imports because of the further strain they put on the US dollar foreign reserves of these countries. In addition, geopolitical developments in the developing countries that Sembcorp operates in may adversely impact the country's economic conditions and consequently, negatively impact our business, operations, financials and /or prospects. We have conducted scenario analysis and stress-testing of our existing operations to identify potential risks and opportunities under a range of geopolitical and macroeconomic scenarios. We have incorporated contingencies in our operating model and will continue to closely monitor development trajectories in line with our scenarios.
Financial Risks: Interest rate exposure	The impact of exposures driven by the accelerated interest rates increases is managed using (i) natural hedges that arise from offsetting interest rate sensitive assets and liabilities, (ii) fixed rate borrowings and (iii) interest rate swaps.
Financial Risks: Commodity volatility	The Group is subject to fluctuations in commodity prices such as energy, coal, oil and natural gas for its conventional energy business and prices of raw materials required for the manufacture of wind and solar assets for its renewables business. We seek to manage this risk by passing through such commodity costs and (where a cost pass-through is not possible) to hedge the residual risks arising from the commodity price volatility, in accordance with our risk management policy. Exposure positions are regularly monitored by management.
Financial Risks: Counterparty Risks	Our default and counterparty credit risks arise from various counterparties such as customers, vendors, joint venture partners and financial institutions, who may fall short of their payment and / or performance obligations. Periodic credit reviews and credit exposures are monitored to detect potential credit 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.
Operational Risks: HSSE	The Group HSSE management system sets out the standard for management of HSSE across Sembcorp's global operations and provides guidance to business units in managing HSSE risks associated with our activities and services systematically. The Group HSSE department is guided by our Group President & CEO and the RC, reflecting the high priority accorded to HSSE issues.
Compliance Risks: Bribery and corruption	For more information on our management approach on bribery and corruption risks, please refer to the Risk Governance section on page 25.
IT Risks: Cybersecurity	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, GIA, and AC to implement, assure and report cyber-related trends. Our cybersecurity defences are tested by change control, vulnerability assessments and penetration testing exercises which are conducted on a periodic basis to ensure we operate in an optimal and cyber-secure digital environment.
Climate-related Risks	For more information on our management approach on climate-related risks, please refer to the Climate-related Financial Disclosures section on pages 26 and 27.

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, as well as checks and balances embedded in business processes.

The Group's IAF adopts the three lines of defence (LOD) model. The LODs work 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 submitted by each business unit, to provide assurance that the risk management and internal control systems are adequate and effective. This is supported by key risk indicators, which are monitored and reported to the RC on an ongoing basis.

For FY2022, 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, 2022 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 necessary remedial actions will be swiftly taken should any significant internal control failings or weaknesses arise.

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 two years 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 cooperation 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, as 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 FY2022 with respect to the key audit matters.

For more information on key audit matters, please refer to pages 48 to 50.

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 by referencing to the Audit Quality Indicators Disclosure Framework published by ACRA.

Corporate Governance Statement

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 has considered the revisions to the Ethics Pronouncement 100 of the Code of Professional Conduct and Ethics issued during FY2022 and 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.

For more information on non-audit fees payable to the external auditors, please refer to Note B4(a) in the Notes to the Financial Statements on page 69.

Whistleblowing policy
The whistleblowing 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. Whistleblowing reports and information received are treated with confidentiality. Measures are in place to protect the identity and interests of whistleblowers. Employees, vendors, contractors, sub-contractors and members of the public can access various channels of communication to report any suspected fraud, corruption, dishonest practices or other misdemeanour anonymously. The reports are received and handled by GIA. Significant matters reported via these channels are escalated to the AC. The AC oversees the outcome of independent investigations and ensure appropriate follow-up actions are taken.

For more information on the Whistleblowing Policy, please refer to the Reports & Policies section under the Sustainability webpage.

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 AC is satisfied that GIA is effective, independent, adequately resourced, and has appropriate standing within the company. 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 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 an 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 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 gaps, 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.

The AC meets with GIA regularly, without management present, to discuss any issues of concern.

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 (CoC).

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 the company website.

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 2022, Sembcorp held its AGM and extraordinary general meeting (EGM) by way of electronic means 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 (the Order).

To keep physical interactions and COVID-19 transmission risk to a minimum, shareholders were not allowed to attend the AGM and EGM in person. Shareholders appointed the Chairman of the AGM as their proxy to attend, speak and vote on their behalf.

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.

At the EGM, real-time remote electronic voting ("live" voting) and real-time electronic communications for questions and answers ("live" Q&A) were implemented, where shareholders or their proxies voted and asked questions using the webcast platform.

As the Order remains effective, the upcoming AGM on April 20, 2023 will be held in the same format, via live audio-visual webcast, where "live" voting and "live" Q&A will be implemented.

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.

Corporate Governance Statement

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.

A dedicated investor relations team supports the management in maintaining an active dialogue with the investment community.

Timely disclosures
Sembcorp is committed to providing meaningful, timely and consistent disclosure of material information to ensure that shareholders and capital market participants can make informed investment decisions. All price-sensitive and material information is disseminated via SGXNet on a non-selective, timely and consistent basis. 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 one month prior to the announcement date via SGXNet. The Company conducts analysts and media briefings upon the release of half-year and full-year financial results. The results briefings are conducted in a hybrid manner where there are in-person attendees as well as attendees who join via a 'live' webcast. Sembcorp's 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 AGM, EGM, non-deal roadshows, conferences, site visits, group and one-on-one meetings. These platforms offer opportunities for the board and senior management to interact directly with shareholders, understand their views, gather feedback and address concerns.

The company maintains a dedicated investor relations section on our company website to cater to the specific information needs of investors and capital market participants.

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

For more information on Sembcorp's communications with its shareholders, please refer to the Investor Relations section on page 44.

Managing Stakeholders Relationships

Engagement with Stakeholders (Principle 13)

Considering the needs and interests of material stakeholders

Sembcorp adopts an inclusive approach by considering and managing 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 its 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 its performance and driving long-term value creation.

Sembcorp's 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. These stakeholders are managed by various departments at the corporate and market levels.

Dealings in Securities

A Policy on Prevention of Insider Trading has been implemented to prohibit dealings in the company's securities by the 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 approvals for such transactions. Information regarding the IPT Mandate is available on the company's 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.

For more information on IPTs for FY2022, please refer to page 115.

For more information on the IPT Mandate, please refer to the Letter to Shareholders.

Code of Conduct

The Group's 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 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 Disclosures

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.

Investor Relations

Sembcorp is committed to providing clear, reliable and meaningful information to the investment community in a timely manner to enable them to make informed investment decisions.

Sembcorp has a dedicated investor relations team who works closely with senior management to proactively engage the investment community. We strive to provide investors with an accurate, coherent and balanced account of the Group's performance and prospects.

In addition to the bi-annual financial results briefings to analysts, we conduct one-on-one and group meetings with shareholders and potential investors. We also participate in conferences and organise tours to our facilities to help investors gain insights into the Group's operations.

Sembcorp won several accolades at the SIAS Investors' Choice Awards 2022, including the Shareholder Communications Excellence Award (Big Cap).

Proactive Engagement with the Investment Community

In 2022, senior management and the investor relations team continued to engage the investment community actively. With the relaxation of COVID-19 restrictions in Singapore, the 1H2022 and FY2022 financial results briefings were conducted in a hybrid format, enabling management to meet with analysts face-to-face and to engage with those who preferred to attend virtually.

During the year, we participated in 10 conferences including the 18th Annual CITIC CLSA ASEAN Forum, HSBC Asia Energy Transition Conference, Macquarie ASEAN Conference, Morgan Stanley 21st Annual Asia Pacific Summit, SGX-Credit Suisse Singapore Day, as well as non-deal roadshows in Malaysia and Singapore. We continued to conduct one-on-one and group meetings to further engage the investment community on Sembcorp's businesses.

In addition to briefings and meetings, the investor relations team organised virtual and physical tours for investors to our Sembcorp Tengeh Floating Solar Farm in Singapore. We also hosted a group of institutional investors to one of our industrial parks in Vietnam, Vietnam Singapore Industrial Park (VSIP) Binh Duong in November 2022 together with Credit Suisse AG, providing investors with a better understanding of our operations.

In line with Sembcorp's strategy to transform our portfolio from brown to green, we announced the proposed sale of Sembcorp Energy India Limited (SEIL) in September 2022. Following the announcement, briefings were conducted for the media and sell-side analysts. Management and the investor relations team also met with over 70 institutional investors through virtual and physical meetings. Retail shareholders were invited to a shareholders' dialogue moderated by Securities Investors Association (Singapore) (SIAS) where senior management presented the merits of the transaction and addressed questions from shareholders. The session was moderated by Mr Loh Uantchern, Vice President of SIAS.

The extraordinary general meeting for the proposed sale of SEIL was held virtually in November 2022 where real-time remote electronic voting and real-time electronic communications for questions and answers were implemented. Over 1.2 billion votes were cast with 99.95% voting in favour of the proposed sale.

At the SIAS Investors' Choice Awards 2022, Sembcorp won several accolades. We emerged as the winner of the Shareholder Communications Excellence Award (Big Cap), the Most Transparent Company Award (Utilities) and runner-up of the Singapore Corporate Governance Award (Big Cap). These awards are strong endorsements of the company's excellence in corporate governance, disclosure and transparency.

Total Shareholder Return

Sembcorp's last traded share price in 2022 was S$3.38 and the company ended the year with a market capitalisation of S$6.0 billion. The company's share price averaged S$2.88 during the year, registering a low of S$2.01 in January and a high of S$3.48 in September. Daily turnover averaged 4.7 million shares.

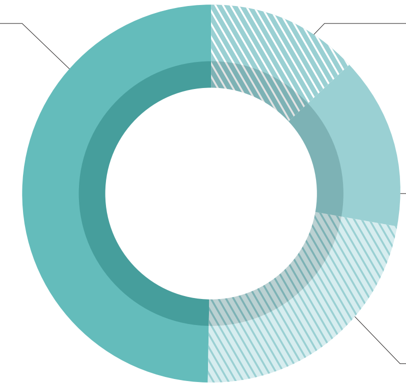
Sembcorp's total shareholder return[1] for 2022 was 73%, significantly outperforming the Straits Times Index's return of 8%.

For the financial year 2022, an interim dividend of 4 cents per ordinary share was declared and paid to shareholders in August 2022. A final dividend of 4 cents and a special dividend of 4 cents per ordinary share have been proposed, subject to approval by shareholders at the upcoming annual general meeting to be held in April 2023. Together with the interim dividend, total dividend for 2022 will be 12 cents per ordinary share.

Shareholder Information

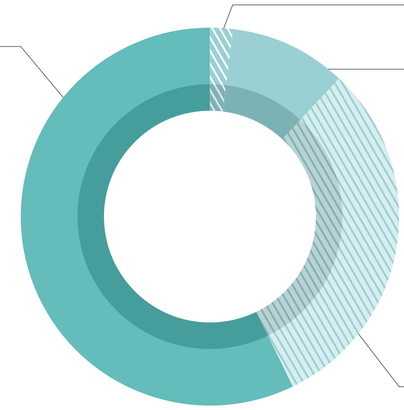
In 2022, institutional shareholding increased while retail holdings reduced compared to 2021. Other than our major shareholder Temasek Holdings, which held 49.6% of our shares as of end 2022, institutional shareholders held 22.4% of our issued share capital or 44.5% of free float, while retail shareholders[2] accounted for 13.1% of our issued share capital or 26.0% of free float. Shareholders not identified[3] accounted for 14.9% 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 was from North America at 57% followed by Asia and Europe, which accounted for 31% and 10% of the shares respectively.

Share Ownership by Investor Category



Share Ownership by Geographical Distribution

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



As at December 31, 2022

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

Consolidated Financial Statements

Financial Statements

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

Directors' Statement

Year ended December 31, 2022

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, 2022.

In our opinion:

a. the financial statements set out on pages 53 to 115 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, 2022 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
Tow Heng Tan
Tham Kui Seng
Ajaib Haridass
Yap Chee Keong
Dr Josephine Kwa Lay Keng
Nagi Hamiyeh
Lim Ming Yan
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	At end of the year	At 21/01/2023	At beginning of the year	At end of the year	At 21/01/2023
Ordinary shares of the Company						
Ang Kong Hua[1]	651,400	730,000	730,000	–	–	–
Tow Heng Tan[2]	–	8,700	8,700	22,715	22,715	22,715
Tham Kui Seng	145,200	162,400	162,400	–	–	–
Ajaib Haridass[3]	137,000	155,500	155,500	–	–	–
Yap Chee Keong[1]	97,800	116,800	116,800	–	–	–
Dr Josephine Kwa Lay Keng	42,000	54,300	54,300	–	–	–
Nagi Hamiyeh	14,400	29,600	29,600	–	–	–
Lim Ming Yan	–	19,100	19,100	–	–	–
Wong Kim Yin	78,677	395,188	2,829,688	–	–	–

	Direct interest		Deemed interest	
Name of director and corporation in which interests held	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Conditional share award				
Wong Kim Yin				
PSP 2021-2022 (Note 1a)	377,900	377,900	–	–
PSP 2021-2023 (Note 1b)	998,900	998,900	–	–
PSP 2022-2024 (Note 1c)	–	521,300	–	–
PSP-TI 2021-2025 (Note 1d)	1,824,000	1,728,200	–	–
PSP-TI 2022-2025 (Note 1e)	–	1,751,000	–	–
RSP 2020 (Note 2a)	157,353	78,676	–	–
RSP 2021 (Note 2b)	–	284,066	–	–

[1] All shares are held in the name of DBS Nominees Pte Ltd
[2] Deemed interest in the shares registered in the name of his wife
[3] Of the 155,500 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

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 2022 to 2024 (PSP 2022-2024)
For this period, 0% to 200% of the conditional performance shares awarded could be delivered

d. Period from 2021 to 2025 (PSP-TI 2021-2025)
In FY2022, 95,800 SCI shares were vested on May 31, 2022. The remaining shares could be vested between 2023 to 2025

e. Period from 2022 to 2025 (PSP-TI 2022-2025)
For this period, 0% to 140% of the conditional performance shares awarded could be delivered

Note 2: With effect from FY2019, restricted shares were granted based on the financial performance and corporate objectives achieved in the preceding year.

a. RSP 2020
In FY2022, 78,677 SCI shares (2nd release of the 1/3 of 236,030 shares) were vested on April 1, 2022. The remaining shares will be vested in Year 2023.

b. RSP 2021
In FY2022, 142,034 SCI shares (1st release of the 1/3 of 426,100 shares) were vested on April 1, 2022. The remaining shares will be vested in Year 2023 and 2024.

Directors' Statement

Year ended December 31, 2022

Directors' Interests *(cont'd)*

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 or at the end of the financial year.

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 G4(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.

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)*
Tow Heng Tan *(Appointed on April 21, 2022)*
Tham Kui Seng
Lim Ming Yan

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:

		Movements during the year				
Performance shares participants	At January 1	Conditional performance shares awarded	Conditional performance shares lapsed	Performance shares lapsed arising from targets not met	Conditional performance shares released	At December 31
2022						
Key executives of the Group[1]	14,297,428	12,103,400	(505,994)	(2,106,243)	(1,076,800)	22,711,791

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

The Committee reviews achievement of the performance targets annually. In 2022, 2,106,243 (2021: 3,604,282) performance shares lapsed for under-achievement of the performance targets for the performance period 2019 to 2021 (2021: 2018 to 2020).

Of the performance shares released, 19,900 (2021: nil) performance shares were cash-settled. The remaining performance shares were released via the issuance of treasury shares.

The total number of performance shares granted conditionally but not released as at December 31, 2022, was 22,711,791 (2021: 14,297,428). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 34,557,122 (2021: 22,348,888) performance shares.

Subsequent to December 31, 2022 and up to the date of this report, as a result of achievement of performance targets, a total of 8,224,400 shares was released to employees of the Group including a director of the Company under the Sembcorp Industries Performance Share Plan 2020.

b. Restricted Share Plan (RSP)

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

		Movements during the year			
Restricted shares participants	At January 1	Conditional restricted shares awarded	Conditional restricted shares released	Conditional restricted shares lapsed	At December 31
2022					
Non-executive directors of the Company:					
Ang Kong Hua	–	78,600	(78,600)	–	–
Tow Heng Tan	–	8,700	(8,700)	–	–
Tham Kui Seng	–	17,200	(17,200)	–	–
Ajaib Haridass	–	18,500	(18,500)	–	–
Yap Chee Keong	–	19,000	(19,000)	–	–
Dr Josephine Kwa Lay Keng	–	12,300	(12,300)	–	–
Nagi Hamiyeh	–	15,200	(15,200)	–	–
Lim Ming Yan	–	19,100	(19,100)	–	–
Employees of the Group[1]	6,307,724	2,742,994	(4,716,332)	(262,339)	4,072,047
	6,307,724	2,931,594	(4,904,932)	(262,339)	4,072,047

[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 2022, was 4,072,047 (2021: 6,307,724). 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 4,072,047 (2021: 6,307,724) restricted shares.

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, 2022

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
Dr Josephine Kwa Lay Keng *(Appointed on April 21, 2022)*

The Audit Committee held five 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 20, 2023

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, 2022, 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 53 to 115.

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, 2022 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, intangible assets and interests in associates and joint ventures (collectively, the Group's non-financial assets)
(Refer to Notes D1, D3 and G3 to the financial statements: property, plant and equipment of S$5,305,000,000, intangible assets of S$697,000,000 and associates and joint ventures of S$2,287,000,000).

Risk:
As at December 31, 2022, the Group's non-financial assets amounted to S$8,289,000,000. Management performs impairment assessment of these assets at least annually and as and when indicators of impairment or impairment reversal occur.

CGUs identified for impairment assessment are found in Note D3.

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 amounts 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 gross margin forecasts, plant load factors and discount rates used. Gross margin forecasts and plant load factors depend on customer demand that corresponds with tariff rates that can be affected by political and regulatory developments.

Independent Auditors' Report

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

Impairment assessment of property, plant and equipment, intangible assets and interests in associates and joint ventures (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 reviewed the key assumptions supporting the value-in-use calculations. We compared the plant load factors and gross margin forecasts to what had been achieved historically and prevailing market conditions affecting tariff and electricity demand. Together with our valuation specialist, we compared the discount rates to market observable data of peer companies and applicable risk premiums.

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

Our findings:
The Group has a process for identifying and reviewing the CGUs for impairment testing. Key inputs on revenue and margins, cash flow projections period, maintenance capital expenditure, assumed inflationary adjustment on operating costs and discount rates are used in assessing the recoverable amounts of the CGUs. We found these key inputs comparable to market expectations. The disclosures describing the estimation uncertainties 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$677,000,000 and service concession receivables of S$897,000,000)

Risk:
As at December 31, 2022, the Group's gross trade and service concession receivables totalled S$1,574,000,000 against which a loss allowance of S$136,113,000 was recorded. Such assessment of expected credit losses involving customer-specific and forward-looking information requires management judgement.

Of the loss allowance recorded, S$110,494,000 originated from service concession receivables recorded by a subsidiary, Sembcorp Myingyan Power Company (SMPC). A lifetime approach was applied in determining this loss allowance following a deterioration in credit risk rating from initial recognition of these trade receivables. SMPC operates in an emerging economy which is currently facing an unstable political environment, a weakening economy impacting foreign exchange reserves and potentially facing increased trade and economic sanctions. The probability default rate of "CC" sovereign rating assigned to bonds issued by external credit rating agencies is applied to determine this expected credit loss allowance.

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

We evaluated the creditworthiness of individually significant receivable accounts including the ones with deterioration in credit risk after initial recognition; and checked the probability of default and loss given default factors appraised by external credit agencies.

We assessed the adequacy of disclosures surrounding management's assessment on recoverability of these receivables.

Our findings:
The Group performs credit risk assessment on its trade and service concession receivables.

Management's basis of expected credit loss allowances booked on these receivables is supported by past historical experience together with probabilities of default and loss given default obtained from Standards and Poor and Moody's.

We found the disclosures surrounding credit risk assessment to be adequate.

Accounting for acquisitions of subsidiaries and associates in China
(Refer to Note D3, G1, G3 and G5 to the financial statements: Goodwill of S$126,000,000, Subsidiaries of S$2,309,000,000, Associates and Joint Ventures of S$2,287,000,000)

Risk:
During the financial year ended December 31, 2022, the Group completed the following acquisitions in China through its subsidiaries: 98% equity interest in Shenzhen Huiyang New Energy Group (HYNE), 35% equity interest in SDIC New Energy Investment Co., Ltd. (SDIC) and 45.3% equity interest in Hunan Xingling New Energy Co., Ltd. (Xingling) (collectively, the "Chinese companies").

These acquisitions require purchase price to be allocated to the fair values of the identifiable assets (including intangible assets) acquired and liabilities assumed. There is judgement involved in the purchase price allocation process including valuation of any intangible assets that emerged on business combination. There is also an on-going nationwide audit carried out by regulators in relation to subsidies on energy production received by Chinese renewables companies. The initial purchase price allocation assigned to the individual assets and liabilities of these companies acquired together with contingent consideration payable estimated by management may be subject to adjustments.

Our response:
We read the sales and purchase agreements in relation to these acquisitions and reviewed the key terms.

We referred the fair valuation of the acquired assets and assumed liabilities by reference to the Chinese companies' business model.

We assessed the objectivity, competence and capabilities of the external valuation specialist engaged by management to perform the PPA and determine the fair values of acquired assets and assumed liabilities.

We involved our valuation specialist to compare the outcomes of PPA exercise against market expectations.

We sought external legal opinions on subsidy audit and implications on initial PPA exercise conducted on the Chinese companies acquired.

We also assessed the disclosures surrounding the acquisitions in Note G1, G3 and G5.

Our findings:
We found the estimates used in allocating purchase price to the individual assets acquired, and liabilities assumed (determined on a provisional basis) to be appropriate. The inputs including tariff and electricity demand used in the valuation model for intangible asset are comparable with market expectations.

We found the external valuation specialist engaged by management to be objective, competent and experienced.

We reviewed legal opinion from external legal counsel about the subsidy audit and expected implications on current tariff recorded by the Chinese companies.

We found the disclosures surrounding new acquisitions to be adequate.

Independent Auditors' Report

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

Valuation of consideration to be received for discontinued operation and disposal group held for sale
(Refer to Note G6 to the financial statements: Assets held for sale of S$3,432,000,000 and liabilities held for sale of S$1,494,000,000)

Risk:
During the financial year ended December 31, 2022, the Group entered into a sales and purchase (S&P) agreement to divest subsidiary, Sembcorp Energy India Limited and its subsidiaries ("SEIL"). The assets and liabilities of SEIL have been presented as "held for sale" and measured at lower of carrying amount and fair value less costs to sell (the "Re-measurement" exercise).

The consideration for the sale of SEIL is deferred and the Group shall issue deferred payment note ("DPN") to purchaser upon completion of the transaction. The assessment of present value of DPN therefore becomes necessary in this re-measurement exercise; and the Group assessed that there is no write-down of carrying value of assets held for sale needed as at December 31, 2022 by reference to discounted cash flow model ("DCF") of SEIL as appraised by the Group.

In determining the fair value of DPN, it is assumed that the purchaser settles the DPN from agreed portions (as set out in S&P agreement) of distributions including dividends declared by SEIL. The Group has performed a discounted cashflow using the forecasted distributable reserves available from SEIL, taking into account (i) secured cash flows from various power purchase agreements ("PPA") with an average remaining duration of 15 years and (ii) unsecured cash flows from contract renewals and / or new contracts.

Following the above analysis, management applied a discount rate to present value the DPN to reflect the cash flow risks associated with the forecasted distributable dividends from SEIL, and credit-default risk of the purchaser.

Our response:
We read the sales and purchase agreement to obtain an understanding of the transaction and key terms together with terms of repayment arrangement of DPN.

We involved our valuation specialist to obtain market observable data including credit ratings of bonds issued by Indian public energy sector to benchmark with discount rate used by management.

Our findings:
Management's use of discount rate to present value the DPN reflects the risks associated with the cash flows and credit risk as appraised under prevailing market conditions and circumstances applicable to SEIL and the purchaser, respectively. Any changes in market conditions and circumstances may change the subsequent measurement value of DPN, with effects on future periods' profit or loss.

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:

- Our Leadership
- Corporate Information
- Group FY2022 Highlights
- Chairman and CEO's Statement
- 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:

- Group Financial Review
- Environmental, Social and Governance Review
- 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 20, 2023

On September 5, 2022, the Group publicly announced the proposed sale of Sembcorp Energy India Limited (SEIL), a wholly-owned subsidiary. The sale was approved by the shareholders of the Company on November 8, 2022 (EGM). SEIL was classified as a disposal group held for sale with its performance presented under discontinued operation and comparative information re-presented accordingly. SEIL's assets and liabilities were presented as assets and liabilities held for sale respectively. On January 19, 2023, the sale of SEIL was completed (see Note H3).

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Consolidated Financial Statements

Notes to the Financial Statements

Balance Sheets

As at December 31, 2022

		Group		Company	
(S$ million)	Note	2022	2021	2022	2021
Property, plant and equipment	D1	5,305	7,094	348	365
Investment properties	D2	133	138	–	–
Investments in subsidiaries	G1	–	–	2,309	2,309
Associates and joint ventures	G3	2,287	1,600	–	–
Other financial assets	H1	183	219	–	–
Trade and other receivables	E1	855	982	1	3
Contract costs		–	1	–	–
Intangible assets	D3	697	390	27	25
Deferred tax assets	B3(b)	52	38	–	–
Non-current assets		**9,512**	**10,462**	**2,685**	**2,702**
Inventories	E2	137	222	9	7
Trade and other receivables	E1	1,564	1,986	119	115
Contract assets	B2(c)	29	28	–	–
Contract costs		3	1	–	–
Other financial assets	H1	89	352	*	–
Cash and cash equivalents	E4	1,254	1,344	239	427
Current assets		**3,076**	**3,933**	**367**	**549**
Assets held for sale	G6	**3,432**	**–**	*****	**–**
Total assets		**16,020**	**14,395**	**3,052**	**3,251**
Trade and other payables	E3	1,715	1,708	144	155
Lease liabilities	D1.1	17	14	10	5
Contract liabilities	B2(c)	139	121	2	2
Provisions	H2	42	40	17	19
Other financial liabilities	H1	99	87	–	–
Current tax payable		219	181	30	49
Interest-bearing borrowings	C5	1,096	754	–	–
Current liabilities		**3,327**	**2,905**	**203**	**230**
Liabilities held for sale	G6	**1,494**	**–**	**–**	**–**
Net current assets		**1,687**	**1,028**	**164**	**319**

		Group		Company	
(S$ million)	Note	2022	2021	2022	2021
Deferred tax liabilities	B3(b)	492	392	25	25
Other long-term payables	E3	93	105	1,379	1,465
Lease liabilities	D1.1	270	244	107	110
Provisions	H2	62	64	24	12
Other financial liabilities	H1	23	56	–	–
Interest-bearing borrowings	C5	5,974	6,637	–	–
Contract liabilities	B2(c)	69	74	25	27
Non-current liabilities		**6,983**	**7,572**	**1,560**	**1,639**
Total liabilities		**11,804**	**10,477**	**1,763**	**1,869**
Net assets		**4,216**	**3,918**	**1,289**	**1,382**
Equity attributable to owners of the Company:					
Share capital	C2	566	566	566	566
Reserve for own shares	C3	(31)	(15)	(31)	(15)
Other reserves	C3	(608)	(133)	19	5
Revenue reserve		4,050	3,349	735	826
		3,977	**3,767**	**1,289**	**1,382**
Non-controlling interests	G2	**239**	**151**	**–**	**–**
Total equity		**4,216**	**3,918**	**1,289**	**1,382**

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

Consolidated Statement of Profit or Loss

Year ended December 31, 2022

(S$ million)	Note	Group 2022	Group 2021#
Continuing operations			
Turnover	B1, B2	7,825	6,408
Cost of sales		(6,598)	(5,589)
Gross profit		1,227	819
General and administrative expenses		(499)	(393)
Other operating income, net		169	114
Non-operating income		9	21
Non-operating expenses		(16)	(218)
Finance income	C6	37	21
Finance costs	C6	(310)	(296)
Share of results of associates and joint ventures, net of tax		248	206
Profit before tax		865	274
Tax expense	B3	(138)	(123)
Profit from continuing operations[1]	B4	727	151
Discontinued operation			
Profit from discontinued operation, net of tax	G6	144	149
Profit for the year		**871**	**300**
Profit attributable to:			
Owners of the Company		848	279
Non-controlling interests		23	21
Profit for the year		871	300
Earnings per share (cents):	B5		
Basic		47.59	15.64
Diluted		46.57	15.45
Earnings per share (cents) – Continuing operations:	B5		
Basic		39.51	7.29
Diluted		38.66	7.20

Post November 8, 2022, the results of SEIL, the Coal-fired thermal power business in India under the Conventional segment, was classified as discontinued operation. Comparative information is re-presented accordingly.

[1] After elimination of inter-segment finance income of S$nil (2021: S$65 million) with corresponding reduction of inter-segment finance expense in discontinued operation.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2022

(S$ million)	Note	Group 2022	Group 2021#
Profit for the year		871	300
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(559)	84
Exchange differences on monetary items forming part of net investment in foreign operation		(7)	1
Net change in fair value of cash flow hedges		318	181
Net change in fair value of cash flow hedges reclassified to profit or loss		(341)	(2)
Cost of hedging reserve – changes in fair value		–	(46)
Cost of hedging reserve – reclassified to profit or loss		–	47
Realisation of reserves upon disposal / liquidation of an associate, subsidiaries and assets held for sale		2	*
Share of other comprehensive income of associates and joint ventures		62	35
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)	9	(31)
		(516)	268
Items that may not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial gains and losses		(7)	20
Change in fair value of financial assets at fair value through other comprehensive income		*	(20)
Income tax relating to these items	B3(c)	2	(6)
		(5)	(6)
Other comprehensive income for the year, net of tax	B3(c)	(521)	262
Total comprehensive income for the year		350	562
Total comprehensive income attributable to:			
Owners of the Company		334	536
Non-controlling interests		16	26
Total comprehensive income for the year		350	562
Total comprehensive income attributable to owners of the Company:			
Continuing operations		452	516
Discontinued operation		(118)	20
		334	536

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

Consolidated Statement of Changes in Equity

Year ended December 31, 2022

	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	Non-controlling interests	Total equity
Group													
Balance at January 1, 2022	566	(15)	(401)	156	29	(5)	40	48	–	3,349	3,767	151	3,918
Total comprehensive income for the year													
Profit for the year	–	–	–	–	–	–	–	–	–	848	848	23	871
Other comprehensive income													
Foreign currency translation differences for foreign operations	–	–	(548)	–	–	–	–	–	–	–	(548)	(11)	(559)
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	(7)	–	–	–	–	–	–	–	(7)	–	(7)
Net change in fair value of cash flow hedges	–	–	–	–	–	–	–	266	–	–	266	4	270
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	–	–	–	–	(284)	–	–	(284)	–	(284)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	*	–	–	–	*	–	*
Realisation of reserves upon disposal of an associate	–	–	1	1	–	–	–	–	–	–	2	–	2
Transfer of reserves	–	–	(2)	20	–	–	–	–	–	(18)	–	–	–
Net change in fair value of cash flow hedges reclassified to cost of investment of a subsidiary	–	–	–	–	–	–	–	*	–	–	*	–	*
Defined benefit plan actuarial gains and losses	–	–	–	–	–	–	–	–	–	(5)	(5)	–	(5)
Share of other comprehensive income of associates and joint ventures	–	–	–	(1)	–	–	–	63	–	–	62	–	62
Total other comprehensive income for the year	–	–	(556)	20	–	–	*	45	–	(23)	(514)	(7)	(521)
Total comprehensive income for the year	–	–	(556)	20	–	–	*	45	–	825	334	16	350
Transactions with owners of the Company, recognised directly in equity													
Share issuance	–	–	–	–	–	–	–	–	–	–	–	21	21
Share-based payments	–	–	–	–	–	27	–	–	–	–	27	–	27
Purchase of treasury shares	–	(27)	–	–	–	–	–	–	–	–	(27)	–	(27)
Treasury shares transferred to employees	–	11	–	–	–	(11)	–	–	–	–	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	63	63
Dividend paid / payable to owners (Note C4)	–	–	–	–	–	–	–	–	–	(125)	(125)	–	(125)
Dividend paid / payable to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(12)	(12)
Unclaimed dividends	–	–	–	–	–	–	–	–	–	1	1	–	1
Total transactions with owners	–	(16)	–	–	–	16	–	–	–	(124)	(124)	72	(52)
At December 31, 2022	566	(31)	(957)	176	29	11	40	93	–	4,050	3,977	239	4,216

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

Consolidated Statement of Changes in Equity

Year ended December 31, 2022

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

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

Consolidated Statement of Cash Flows

Year ended December 31, 2022

(S$ million)	Group 2022	Group 2021
Cash flows from operating activities		
Profit for the year:		
– Continuing operations	727	151
– Discontinued operation	144	149
Adjustments for:		
Dividend income	(2)	(2)
Finance income	(54)	(26)
Finance costs	444	423
Depreciation and amortisation	461	457
Amortisation of deferred income and capital grants	(4)	(4)
Share of results of associates and joint ventures, net of tax	(248)	(206)
Gain on disposal of:		
– property, plant and equipment, intangible assets and other financial assets	(4)	(21)
– assets held for sale	–	(3)
Loss on disposal and liquidation of subsidiaries	*	3
Changes in fair value of financial instruments	4	(29)
Equity settled share-based compensation expenses	27	14
Allowance for:		
– impairment of investment in an associate and a joint venture	–	212
– impairment loss in value of assets and assets written off, net	31	11
– intangible assets	–	*
– impairment on assets held for sale	–	1
Provision for remediation of legacy sites	–	30
Inventories written down and allowance for stock obsolescence (net)	–	2
Tax expense	166	123
Operating profit before working capital changes	1,692	1,285
Changes in:		
Inventories	(51)	(28)
Receivables	277	(470)
Payables	(212)	498
Contract costs	(2)	*
Contract assets	(1)	(13)
Contract liabilities	13	(17)
	1,716	1,255
Tax paid	(64)	(36)
Net cash from operating activities	**1,652**	**1,219**

(S$ million)	Note	Group 2022	Group 2021
Cash flows from investing activities			
Dividend received		95	95
Interest received		51	30
Proceeds from:			
– disposal of investments in joint ventures and associates		12	–
– divestment of asset held for sale		–	30
– sale of property, plant and equipment		2	17
– sale of intangible assets		–	*
– disposal of other financial assets and business		617	311
Acquisition of subsidiaries, net of cash acquired		(350)	–
Acquisition of additional investments in joint ventures and associates		(630)	*
Acquisition of other financial assets		(567)	(293)
Purchase of property, plant and equipment and investment properties		(608)	(282)
Purchase of intangible assets		(7)	(8)
Net cash used in investing activities		**(1,385)**	**(100)**
Cash flows from financing activities			
Proceeds from share issued to non-controlling interests of subsidiaries		21	–
Purchase of treasury shares		(27)	(13)
Repayment of lease liabilities		(23)	(15)
Proceeds from borrowings		3,854	3,403
Repayment of borrowings		(3,544)	(3,752)
Dividends paid to owners of the Company		(125)	(107)
Dividends paid to non-controlling interests of subsidiaries		(12)	(17)
Receipts / (Payment) in restricted cash held as collateral		39	(24)
Interest paid		(386)	(330)
Net cash used in financing activities		**(203)**	**(855)**
Net increase in cash and cash equivalents		64	264
Cash and cash equivalents at beginning of the year		1,297	1,009
Effect of exchange rate changes on balances held in foreign currency		(79)	24
Cash and cash equivalents at end of the year (including held for sale)		**1,282**	**1,297**
Cash and cash equivalents classified as held for sale	G6	(36)	–
Cash and cash equivalents at end of the year	E4	**1,246**	**1,297**

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 49.61% 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 of the Group as at and for the year ended December 31, 2022 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.

The financial statements were authorised for issue by the Board of Directors on February 20, 2023.

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

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. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. From January 1, 2017, acquisition related costs are recognised in 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 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 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 adopted the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on January 1, 2022:

Amendments to:

- *SFRS(I) 16 Leases (Covid-19-Related Rent Concessions beyond 30 June 2021)*
- *SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework)*
- *SFRS(I) 1-16 Property, Plant and Equipment (Proceeds before Intended Use)*
- *SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)*
- *Annual improvements to SFRS(I)s 2018-2020*

The adoption of these amendments to standards 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's businesses are organised into four reportable segments based on nature of products and services, namely Renewables, Integrated Urban Solutions, Conventional Energy and Other Businesses and Corporate.

The operating segments outlined below have been identified based on reports reviewed by the Group's President & CEO that are used to make strategic decisions, 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 the 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 decarbonisation solutions like 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.

On November 8, 2022, the shareholders of the Company approved the sale of SEIL, the India coal-fired thermal power business. SEIL was classified as a disposal group held for sale and as a discontinued operation. Details of the discontinued operation are shown in Note G6; 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 continuing operations' results of each reportable segment is included below.

	Continuing operations					
(S$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Elimination	Total
2022						
Turnover						
External sales	506	444	6,547	328	–	7,825
Inter-segment sales	1	8	54	6	(69)	–
Total	507	452	6,601	334	(69)	7,825

	Continuing operations					
(S$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Elimination	Total
2022 *(cont')*						
Results						
Earnings before interest, taxes, depreciation and amortisation[1] (EBITDA)	352	130	886	(60)	–	1,308
Share of results of associates and joint ventures, net of tax	62	93	93	*	–	248
Adjusted EBITDA	**414**	**223**	**979**	**(60)**	**–**	**1,556**
Depreciation and amortisation	(124)	(53)	(184)	(11)	–	(372)
Other non-cash (expenses) / income:						
– (Impairment and write off) / Write back of investments	(8)	(2)	–	–	–	(10)
– Allowance for impairment in value of assets and assets written off	(1)	(6)	(25)	*	–	(32)
– Others	*	1	–	(5)	–	(4)
Finance income	13	14	19	63	(72)	37
Finance costs	(130)	(13)	(92)	(147)	72	(310)
Profit / (Loss) before tax	**164**	**164**	**697**	**(160)**	**–**	**865**
Tax expense	(26)	(18)	(83)	(11)	–	(138)
Non-controlling interests	(6)	(6)	(11)	–	–	(23)
Profit / (Loss) from continuing operations	**132**	**140**	**603**	**(171)**	**–**	**704**
Profit from discontinued operation, net of tax						**144**
Profit attributable to owners of the Company						**848**
Assets						
Segment assets	4,860	1,402	4,855	2,108	(2,986)	10,239
Associates and joint ventures	870	908	504	5	–	2,287
Tax assets	9	19	17	17	–	62
	5,739	**2,329**	**5,376**	**2,130**	**(2,986)**	**12,588**
Assets held for sale						3,432
Total assets						**16,020**
Liabilities						
Segment liabilities	3,979	488	3,211	4,907	(2,986)	9,599
Tax liabilities	220	47	326	118	–	711
	4,199	**535**	**3,537**	**5,025**	**(2,986)**	**10,310**
Liabilities held for sale						1,494
Total liabilities						**11,804**
Capital expenditure[2]	**488**	**32**	**142**	**10**	**–**	**672**

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)*

	Continuing operations					
(S$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Elimination	Total
2021						
Turnover						
External sales	354	465	5,292	297	–	6,408
Inter-segment sales	*	8	33	10	(51)	–
Total	354	473	5,325	307	(51)	6,408
Results						
EBITDA[1]	251	143	561	(70)	–	885
Share of results of associates and joint ventures, net of tax	27	97	81	1	–	206
Adjusted EBITDA	278	240	642	(69)	–	1,091
Depreciation and amortisation	(82)	(54)	(181)	(8)	–	(325)
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	25	104	(128)	21
Finance costs	(117)	(13)	(108)	(121)	63	(296)
Profit / (Loss) before tax	84	184	161	(90)	(65)	274
Tax expense	(25)	(17)	(59)	(22)	–	(123)
Non-controlling interests	(3)	(6)	(12)	–	–	(21)
Profit / (Loss) from continuing operations	56	161	90	(112)	(65)	130
Profit from discontinued operation before elimination of inter-segment finance cost, net of tax						84
Elimination of inter-segment finance cost						65
Profit from discontinued operation, net of tax						149
Net profit attributable to owners of the Company						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.

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.

	Turnover		Capital Expenditure	
(S$ million)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Singapore	5,828	4,817	404	212
UK	1,165	859	118	58
China[1]	301	210	29	13
India	277	285	52	16
Rest of Asia	211	203	36	7
Middle East	42	32	–	–
Other Countries	1	2	–	–
Total – continuing operations	7,825	6,408	639	306
India – discontinued operation / held for sale	1,570	1,387	33	11
Total	9,395	7,795	672	317

[1] China businesses under Renewables and Integrated Urban Solutions segments comprise associates or joint ventures that are accounted for under the equity method.

	Non-current Assets		Total Assets	
(S$ million)	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
China	3,212	1,436	4,016	1,948
Singapore	2,163	1,967	3,343	3,464
India	1,644	4,721	1,989	5,941
Rest of Asia	1,309	1,303	1,632	1,586
UK	828	731	1,233	1,131
Middle East	341	290	358	311
Other Countries	15	14	17	14
	9,512	10,462	12,588	14,395
India – held for sale	–	–	3,432	–
Total	9,512	10,462	16,020	14,395

Majority of the Group's revenue from continuing operations is from Singapore and UK which contributed to 74% (2021: 75%) and 15% (2021: 13%) respectively.

In 2022, 21% (2021: 24%) and 8% (2021: 8%) of the Group's total assets are located in Singapore and UK respectively. During the year, the Group also added significant assets through acquisitions in the Renewables segment in China, contributing to 32% of the Group's total assets on continuing basis.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover

This note explains how the Group's revenue from contracts with customers is 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 commensurates 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 has 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)*

Revenue from Contracts with Customers *(cont'd)*

Key estimates and judgements

The Group has applied judgement and estimates in recognising revenue from long-term contracts. Any increases or decreases in estimated revenue or costs due to changes 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 construction. The assessment also encompasses the analysis of the industry outlook and customers' financial health.

Information regarding the turnover for continuing operations is included below:

(S$ million)	Note	2022	2021[#]
Revenue from contracts with customers	a	7,818	6,403
Rental income		7	5
		7,825	6,408

There was no revenue from performance obligations satisfied or partially satisfied in previous periods due to change in estimate of the transaction price in 2022 and 2021.

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.

	Reportable segments				
(S$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Total
2022					
Primary geographical markets					
Singapore	101	226	5,187	314	5,828
UK	35	–	1,129	1	1,165
China	86	208	*	–	294
India	277	–	–	–	277
Rest of Asia	7	3	189	12	211
Middle East	–	–	42	*	42
Other Countries	–	–	–	1	1
Total	506	437	6,547	328	7,818
Major product / service lines					
Provision of energy products and related services (including electricity, gas and steam)	490	–	6,122	*	6,612
Provision of water products, reclamation of water and industrial wastewater treatment	–	200	146	–	346
Solid waste management	–	212	*	–	212
Service concession revenue	–	14	189	–	203
Construction and engineering related activities	–	–	–	298	298
Others	16	11	90	30	147
Total	506	437	6,547	328	7,818
Timing of revenue recognition					
Over time	469	425	6,547	298	7,739
At a point in time	37	12	–	30	79
Total	506	437	6,547	328	7,818

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

Revenue from Contracts with Customers *(cont'd)*

a. Disaggregation of Revenue from Contracts with Customers *(cont'd)*

(S$ million)	Reportable segments: Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Total
2021#					
Primary geographical markets					
Singapore	45	252	4,236	284	4,817
UK	20	–	838	1	859
India	285	–	–	–	285
China	*	205	*	*	205
Rest of Asia	4	3	186	10	203
Middle East	–	–	32	*	32
Other Countries	–	–	–	2	2
Total	354	460	5,292	297	6,403
Major product / service lines					
Provision of energy products and related services (including electricity, gas and steam)	350	–	4,889	*	5,239
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	5,292	297	6,403
Timing of revenue recognition					
Over time	319	446	5,292	271	6,328
At a point in time	35	14	–	26	75
Total	354	460	5,292	297	6,403

Service concession revenue included interest revenue of S$63 million (2021: S$64 million).

b. Transaction Price Allocated to Remaining Performance Obligations

Accounting policies

The Group has elected to apply 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
2022					
Segment					
Renewables	i	–	–	–	–
Integrated Urban Solutions		52	58	30	140
Conventional Energy		942	579	358	1,879
Other Businesses and Corporate		413	866	55	1,334
Total		1,407	1,503	443	3,353
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

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 correspond directly with its actual energy output.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

Revenue from Contracts with Customers *(cont'd)*

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)	2022	2021	2022	2021
Contract assets	29	28	–	–
Contract liabilities				
Current	139	121	2	2
Non-current	69	74	25	27
Total	208	195	27	29

Contract assets

The contract assets relate to the Group's conditional rights to consideration in the sale of the renewable obligation certificates and the construction of infrastructure. Contract assets are recognised when the value of goods transferred, or services rendered for the contract exceeds payments received from customers. The contract assets are transferred to trade receivables when the rights become unconditional.

Significant changes in the contract assets balances during the period are as follows:

	Group		Company	
(S$ million)	2022	2021	2022	2021
Transfer of contract assets recognised at the beginning of the year to trade receivables	(19)	(10)	–	–
Recognition of revenue, net of transfer to trade receivables during the year	23	25	–	–
Currency translation changes	(4)	*	–	–
Cumulative catch-up adjustments arising from:				
– Changes in measurement of progress	*	*	–	–
– Contract modifications	1	(2)	–	–

Contract liabilities

Contract liabilities refer to payments received from customers that exceed the revenue recognised, which include advances 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)	2022	2021	2022	2021
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(108)	(130)	(3)	(3)
Increases due to cash received, excluding amounts recognised as revenue during the year	147	115	–	–
Currency translation changes	(6)	3	–	–
Cumulative catch-up adjustments arising from:				
– Changes in measurement of progress	(7)	(3)	–	–
– Contract modifications	(13)	(4)	–	–

B3. Taxation

This note explains how the Group's 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.

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.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

a. Tax Expenses *(cont'd)*

(S$ million)	Note	Group 2022	Group 2021[#]
Current tax expense			
Current year		136	66
Over provided in prior years	i	(43)	(14)
Foreign withholding tax		9	9
		102	61
Deferred tax expense			
Movements in temporary differences		11	33
Under provided in prior years	i	20	15
Effect of changes in tax rates	ii	5	15
		36	63
Land appreciation tax expense			
Current year		–	(1)
Tax expense on continuing operations		**138**	**123**

Reconciliation of effective tax rate

(S$ million)	Group 2022	Group 2021
Profit from continuing operations	727	151
Tax expense	138	123
Share of results of associates and joint ventures, net of tax	(248)	(206)
Profit before tax and share of results of associates and joint ventures from continuing operations	617	68
Tax using Singapore tax rate of 17%	105	12
Effect of changes in tax rates	5	15
Effect of different tax rates in foreign jurisdictions	11	12
Tax incentives and income not subject to tax	(21)	(32)
Expenses not deductible for tax purposes	53	94
Utilisation of deferred tax benefits not previously recognised	(6)	(1)
(Over) / Under provided in prior years	(23)	1
Deferred tax benefits not recognised	13	7
Foreign withholding tax	9	9
Deferred tax on unremitted dividend income	1	2
Land appreciation tax	–	(1)
Others	(9)	5
Tax expense on continuing operations	**138**	**123**

i. The under-provision of deferred tax expense with corresponding over-provision of current tax, was mainly related to tax optimisation through Group Tax Relief.

ii. 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 profit or loss – discontinued operation (Note G6)	Recognised in equity (Note (c))	Acquisition of subsidiaries (Note G5)	Transfer to held for sale (Note G6)	Translation adjustments	At December 31
2022								
Deferred tax liabilities								
Property, plant and equipment	456	65	289	–	–	(281)	(54)	475
Other financial assets	43	(6)	–	3	7	–	(1)	46
Trade and other receivables	32	1	–	–	–	–	–	33
Intangible assets	28	1	–	–	97	(6)	(8)	112
Other items	17	(5)	1	(1)	–	(1)	(1)	10
Total	576	56	290	2	104	(288)	(64)	676
Deferred tax assets								
Property, plant and equipment	(79)	*	–	–	–	–	*	(79)
Inventories	(2)	*	–	–	–	–	–	(2)
Trade receivables	(4)	(1)	(5)	–	–	5	1	(4)
Trade and other payables	(13)	1	–	*	–	–	1	(11)
Tax losses	(69)	(8)	(247)	–	*	228	32	(64)
Provisions	(28)	(15)	(1)	–	–	1	1	(42)
Other financial liabilities	(12)	*	*	(13)	–	*	1	(24)
Retirement benefit obligations	6	*	(4)	*	–	4	*	6
Other items	(21)	3	*	–	–	*	2	(16)
Total	(222)	(20)	(257)	(13)	*	238	38	(236)

	Group				
(S$ million)	At January 1	Recognised in profit or loss (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)

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, 2021	Recognised in profit or loss	At December 31, 2021	Recognised in profit or loss	At December 31, 2022
Deferred tax liabilities					
Property, plant and equipment	38	(3)	35	(1)	34
Other items	(3)	(1)	(4)	*	(4)
	35	(4)	31	(1)	30
Deferred tax assets					
Provisions	(7)	1	(6)	1	(5)

The deferred tax liabilities and assets amounts determined after appropriate offsetting included in the balance sheet are as follows:

(S$ million)	Group		Company	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Deferred tax liabilities	492	392	25	25
Deferred tax assets	(52)	(38)	–	–
	440	354	25	25

Unrecognised deferred tax liabilities

As at December 31, 2022, a deferred tax liability of S$3 million (2021: S$3 million) for potential taxable temporary differences arising from undistributed retained earnings related to investment in subsidiaries and joint ventures was not recognised.

Unrecognised deferred tax assets

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:

(S$ million)	Group	
	December 31, 2022	December 31, 2021
Deductible temporary differences	51	49
Tax losses	57	95
Capital allowances	54	60
	162	204

Tax losses of the Group amounting to S$45 million (2021: S$53 million) will predominantly expire between 2023 and 2027 (2021: 2022 and 2027). 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 have been set off against the unused tax losses (2022: S$nil; 2021: S$1,041 million).

c. Other Comprehensive Income

There is no income tax relating to each component of other comprehensive income, except as tabled below:

(S$ million)	Group					
	2022			2021		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Cash flow hedges: net movement in hedging reserves	(23)	9	(14)	179	(31)	148
Defined benefit plan actuarial gains and losses	(7)	2	(5)	20	(6)	14
	(30)	11	(19)	199	(37)	162

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 2022	Group 2021#
a. Expenses			
Materials		5,496	4,479
Staff costs:			
– salaries, bonuses and other personnel related costs		436	418
– contributions to defined contribution plan		34	36
– equity-settled share-based payments	B6	25	14
– cash-settled share-based payments	B6	*	*
– contributions to defined benefit plan		1	1
Depreciation:			
– property, plant and equipment	D1	340	300
– investment properties	D2	4	3
Sub-contract cost		294	260
Repair and maintenance		102	94
(Write-back of) / Provision for remediation of legacy sites	H2	(3)	30
Amortisation of intangible assets	D3	28	21
Allowance for / (Write-back of) impairment losses (net):			
– receivables and contract assets	F4	108	16
– property, plant and equipment	D1	22	3
– intangible assets, excluding goodwill	D3	–	*
Property, plant and equipment written off		8	8
Inventories written down	E2	*	2
Audit fees paid / payable to:			
– auditors of the Company		2	1
– other member firms of KPMG International		2	2
– other auditors		1	*
Non-audit fees paid / payable to:			
– auditors of the Company		*	*
– other member firms of KPMG International		*	*
– other auditors		*	*
Intangible assets written off	D3	*	*
Bad debts written off		1	*

(S$ million)	Note	Group 2022	Group 2021#
b. Other operating income			
Net change in fair value of financial assets at FVTPL (mandatorily measured)		61	43
Grants received (income related)	(i)	6	20
Gain on disposal of property, plant and equipment		1	13
Net exchange gain		14	10
c. Non-operating income / (expenses)			
Gain / (Loss) on disposal / liquidation of:			
– other financial assets		3	8
– assets held for sale	G6	–	3
– associate and joint venture		2	–
– subsidiaries		*	(3)
Net change in fair value of financial assets at FVTPL (designated on initial recognition)		(4)	7
Gross dividend income from financial assets at FVOCI		2	2
Impairment and write off of:			
– joint venture	G3biii	(2)	(212)
– other investments	ii	(8)	(1)

i. Grant income of S$6 million (2021: S$20 million) in 2022 included S$1 million (2021: S$10 million) COVID-19 related relief mainly in the form of Foreign Worker Levy (FWL) and Job Growth Incentive (JGI). The FWL and JGI are temporary schemes introduced in the Singapore Budget to help enterprises to retain and expand the hiring of local employees.

ii. Amount in 2022 mainly related to an investment in Vietnam for project expenses incurred by the company.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B5. Earnings Per Share

(S$ million)	Group 2022	Group 2021[#]
a. Profit attributable to owners of the Company:		
Continuing operations:		
Profit attributable to equity holders of the Company	704	130
Discontinued operation:		
Profit from discontinued operation, net of tax attributable to owners of the Company	144	149
Profit for the year attributable to owners of the Company	**848**	**279**
b. Weighted average number of ordinary shares (in million)		
Issued ordinary shares at January 1	1,780	1,781
Effect of performance shares and restricted shares released	4	4
Effect of own shares held	(2)	(1)
Weighted average number of ordinary shares	1,782	1,784
Adjustment for dilutive potential ordinary shares		
– performance shares	35	15
– restricted shares	4	7
Weighted average number of ordinary shares adjusted for all dilutive potential shares	1,821	1,806
c. Earnings per ordinary share (cents)		
– basic[1]	47.59	15.64
– diluted[2]	46.57	15.45
Earnings per ordinary share (cents) – Continuing operations		
– basic[1]	39.51	7.29
– diluted[2]	38.66	7.20

[1] Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company 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.

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.

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 remeasure 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)	2022	2021#
Equity-settled share-based	25	14
Cash-settled share-based	*	*

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, strive for superior performance and 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 2022, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

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 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 2022, 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 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:

	2022		2021	
	PSP	RSP	PSP	RSP
At January 1	14,297,428	6,307,724	7,682,784	10,512,748
Shares awarded	12,103,400	2,931,594	11,579,491	2,973,712
Shares released	(1,076,800)	(4,904,932)	–	(5,924,403)
Shares lapsed	(505,994)	(262,339)	(1,360,565)	(1,254,333)
Performance shares lapsed arising from targets not met	(2,106,243)	–	(3,604,282)	–
At December 31	22,711,791	4,072,047	14,297,428	6,307,724

Subsequent to December 31, 2022 and up to the date of this report, a total of 8,224,400 shares was awarded to employees of the Group including a director of the Company under the SCI PSP 2020. Please refer to the Directors' Report for more details.

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 reviews achievement of the performance targets annually. In 2022, 2,106,243 (2021: 3,604,282) performance shares lapsed for under-achievement of the performance targets for the performance period 2019 to 2021 (2021: 2018 to 2020).

Of the performance shares released, 19,900 (2021: nil) performance shares were cash-settled. The remaining performance shares were released via the issuance of treasury shares.

The total number of performance shares in awards granted conditionally but not released as at December 31, 2022, was 22,711,791 (2021: 14,297,428). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 34,557,122 (2021: 22,348,888) performance shares.

SCI RSP

Of the restricted shares released, 262,954 (2021: 420,456) 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, 2022, was 4,072,047 (2021: 6,307,724). 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 4,072,047 (2021: 6,307,724) restricted shares.

Awards for the performance and corporate objectives achieved in 2022 will be granted in 2023 (2021: achieved in 2021 will be granted in 2022).

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, 2022	May 31, 2022	May 31, 2021	May 31, 2021	August 6, 2021
Fair value at measurement date	S$2.52[1]	S$3.60[1]	S$2.84[1]	S$2.60[1]	S$1.67
Assumptions under the Monte Carlo model					
Share price	S$2.85	S$2.85	S$2.23	S$2.23	S$2.00
Expected volatility	1.7% – 36.1%	36.7%	36.5%	36.5%	NA
Risk-free interest rate	1.8% – 2.6%	2.2%	0.4%	0.6%	0.4% – 1.3%
Expected dividend	3.2%	3.2%	3.9%	4.2%	3.7%

[1] Fair value computed based on different performance periods.

	RSP Date of Grant			
	March 31, 2022	April 1, 2022	March 30, 2021	May 31, 2021
Fair value at measurement date	S$2.58	S$2.58	S$1.78	S$2.15
Assumptions under the Monte Carlo model				
Share price	S$2.67	S$2.67	S$1.86	S$2.23
Expected volatility	36.4%	36.4%	35.5%	36.5%
Risk-free interest rate	1.9%	1.9%	0.6%	0.5%
Expected dividend	3.4%	3.4%	4.9%	4.2%

C. Our Funding

In 2022, the Group has continued to secure additional sustainability-linked credit facilities and has issued S$300 million sustainability-linked notes to support its strategic transformation from brown to green. Please refer to Note C5 for further details.

Equity value as at December 31, 2022 is enhanced by the strong performance for the year offset by the negative change in foreign currency translation reserve due to the depreciation of India Rupee and Renminbi against Singapore Dollar.

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 maintaining 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:

(S$ million)	Note	Group 2022	Group 2021
Debt	C5, i	7,070	7,391
Total equity		4,216	3,918
Total debt and equity		11,286	11,309
Debt-to-capitalisation ratio		0.63	0.65

i. As at December 31, 2022, SEIL's borrowing of S$1,172 million was presented under liabilities held for sale (see Note G6). Including SEIL's borrowing, the Group's total borrowing is S$8,242 million.

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.

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C2. Share Capital and Treasury Shares *(cont'd)*

	Number of shares	
	Issued Share Capital	Treasury Shares
At January 1, 2021	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
Treasury shares purchased	–	8,947,300
Treasury shares transferred pursuant to performance share plan	–	(1,056,900)
Treasury shares transferred pursuant to restricted share plan	–	(4,641,978)
At December 31, 2022	1,787,547,732	10,763,948

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 regards to the Company's residual assets.

Issued and paid up capital

As at December 31, 2022, the Company's issued and paid-up capital excluding treasury shares comprised 1,776,783,784 (2021: 1,780,032,206) ordinary shares.

Treasury shares

During the year, the Company acquired 8,947,300 (2021: 6,780,700) ordinary shares in the Company by way of on-market purchases. A total of 5,698,878 (2021: 5,503,947) treasury shares were re-issued pursuant to the Performance Share Plan (PSP) and Restricted Share Plan (RSP).

As at December 31, 2022, the Company held 10,763,948 (2021: 7,515,526) of its own uncancelled shares as treasury shares that may be re-issued upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

C3. Other Reserves

		Group		Company	
(S$ million)	Note	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Distributable					
Reserve for own shares		(31)	(15)	(31)	(15)
Non-distributable					
Foreign currency translation reserve	a, g	(957)	(401)	–	–
Capital reserve	b, g	176	156	–	–
Merger reserve	c	29	29	–	–
Share-based payments reserve	d	11	(5)	19	5
Fair value reserve	e	40	40	–	–
Hedging reserve	f	93	48	–	–
		(639)	(148)	(12)	(10)

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 loans 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. As at December 31, 2022, the foreign currency translation loss and capital reserve of the disposal group were S$418 million and S$290 million, respectively. These reserves will be realised to profit or loss at the completion of the sale of SEIL shares.

Notes to the Financial Statements

C. Our Funding *(cont'd)*

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.

Dividend Paid / Payable

	Group and Company	
(S$ million)	2022	2021
Interim one-tier tax-exempt dividend of 4 cents per share in respect of year 2022 (2021: 2 cents per share in respect of year 2021)	71	36
Final one-tier tax-exempt dividend of 3 cents per share in respect of year 2021 (2021: 4 cents per share in respect of year 2020)	54	71
	125	107

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 4 cents per share (2021: 3 cents per share) and a special dividend of 4 cents per share (2021: nil). This amounts to an estimated net dividend of S$142 million (2021: S$54 million) in respect of the year ended December 31, 2022, based on the number of issued shares as at December 31, 2022.

The total proposed dividend of 8 cents per share (2021: 3 cents per share) has not been included as a liability in the financial statements.

C5. Interest-bearing Borrowings

		Group	
(S$ million)	Note	December 31, 2022	December 31, 2021
Current liabilities			
Non-convertible debentures		139	11
Secured term loans	a	122	601
Unsecured term loans	b	835	142
Total		1,096	754
Non-current liabilities			
Non-convertible debentures		–	154
Secured term loans	a	1,717	2,574
Unsecured term loans	b	4,257	3,909
Total		5,974	6,637
Total interest-bearing borrowings (measured at amortised cost)		7,070	7,391

Included in interest-bearing borrowings were S$546 million (2021: S$372 million) of loans taken with a related corporation.

Effective Interest Rates and Maturity of Liabilities

	Group Effective interest rate %	
	2022	2021
Floating rate loans	1.05 – 10.58	0.96 – 10.81
Fixed rate loans	0.77 – 11.48	0.77 – 11.48
Bonds and notes	2.45 – 4.25	2.45 – 4.25
Debentures	9.15	9.15 – 9.65

	Group	
(S$ million)	2022	2021
Less than 1 year, or on demand	1,096	754
Between 1 to 5 years	3,593	4,165
More than 5 years	2,381	2,472
Total interest-bearing borrowings (measured at amortised cost)	7,070	7,391

a. Secured Term Loans

The secured term loans are collateralised by the following assets:

		Group Net Book Value	
(S$ million)	Note	December 31, 2022	December 31, 2021
Property, plant and equipment	D1i	1,971	4,487
Mutual funds	H1i	35	83
Trade and other receivables	E1	839	1,325
Intangible assets	D3	*	*
Inventories	E2	25	127
Cash and cash equivalents	E4	156	259
Equity shares of a subsidiary		33	241

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C5. Interest-bearing Borrowings *(cont'd)*

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, 2022 and December 31, 2021, 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, 2022	Principal amount December 31, 2021
S$ medium-term notes	4.25%	2010	2025	100	100
S$ medium-term notes	3.64%	2013	2024	200	200
S$ medium-term notes	3.59%	2014	2026	150	150
S$ medium-term notes	2.45%	2021	2031	400	400
S$ medium-term notes	2.66%	2021	2032	675	675
S$ medium-term notes	3.74%	2022	2029	300	–
				1,825	1,525

In 2022, the Group issued a S$300 million sustainability-linked bond and secured an additional S$1.8 billion of sustainability-linked revolving credit and term loan facilities through SFS. In 2021, the Group issued S$400 million Green Bonds and S$675 million sustainability-linked notes.

As at December 31, 2022, the Group has deployed approximately S$2,979 million (2021: S$908 million) of funding from green and sustainable financing.

As at December 31, 2022, an amount of S$489 million (2021: S$419 million) medium-term notes were held by a related corporation.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

(S$ million)	2022 Accrued interest payable (Note E3)	2022 Interest-bearing borrowings (Note C5)	2022 Lease liabilities (Note D1.1)	2022 Total	2021 Accrued interest payable (Note E3)	2021 Interest-bearing borrowings (Note C5)	2021 Lease liabilities (Note D1.1)	2021 Total
Balance at January 1	15	7,391	258	7,664	11	7,728	226	7,965
Cash flows								
Cash payments	–	(3,544)	(23)	(3,567)	–	(3,752)	(15)	(3,767)
Cash proceeds	–	3,854	–	3,854	–	3,403	–	3,403
Interest paid	(242)	–	(10)	(252)	(323)	–	(7)	(330)
Non-cash items								
Acquisition of subsidiaries	1	881	11	893	–	–	–	–
Transfer to liabilities held for sale	–	(1,265)	*	(1,265)	–	–	–	–
Interest expenses, including amortisation of capitalised transaction costs	255	33	10	298	327	18	9	354
New leases	–	–	45	45	–	–	43	43
Write-off of lease liabilities	–	–	*	*	–	–	*	*
Remeasurement of lease liabilities / Adjustment to upfront fees	–	–	5	5	–	–	2	2
Foreign exchange movement	*	(280)	(9)	(289)	*	(6)	*	(6)
	256	(631)	62	(313)	327	12	54	393
Balance at December 31	29	7,070	287	7,386	15	7,391	258	7,664

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	2022	2021#
Finance income			
Finance income from financial assets measured at amortised cost			
– associates and joint ventures		6	6
– bank and others		31	15
		37	21
Finance costs			
Interest paid and payable to, measured at amortised cost			
– banks and others		280	268
Amortisation of capitalised transaction costs		13	9
Unwind of accretion on restoration costs	H2	2	1
Significant financing component from contracts with customers		3	4
Interest rate swaps:			
– changes in fair value through profit or loss		*	*
– ineffective portion of changes in fair value		2	5
Interest expense on amortisation of lease liabilities	D1.1	10	9
		310	296

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 that the Group and the Company are 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 guaranteed contracts that would have a material effect on the amount, timing and uncertainty of the Group's and the Company's future cash flows.

Estimates of the Group's and Company's obligations arising from financial guaranteed 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, 2022	December 31, 2021
Guarantees given to banks to secure banking facilities provided to:		
– Joint ventures	25	27
– Commodities traders	168	54
– Others	*	*
Performance guarantees to external parties	264	260

The periods in which the financial guarantees expire are as follows:

	Group	
(S$ million)	December 31, 2022	December 31, 2021
Less than 1 year	193	78
Between 1 to 5 years	*	3
	193	81

The Group's subsidiaries are involved in certain tax disputes, where the amount of potential exposure has been estimated to be approximately S$52 million (2021: S$39 million), which predominately is from the disposal group.

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C7. Contingent Liabilities *(cont'd)*

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$8,831 million (2021: S$7,849 million), with S$4,139 million (2021: S$3,513 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, 2022	Company December 31, 2021
Less than 1 year	800	–
Between 1 to 5 years	1,963	1,847
More than 5 years	1,376	1,666
	4,139	3,513

b. The Company has provided corporate guarantees of S$159 million (2021: S$110 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 7, 2013 and September 1, 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 2022	Group 2021
– Commitments in respect of acquisition of investments	a	–	1,020
– Commitments in respect of contracts placed for property, plant and equipment	b	334	152
– Commitments in respect of a civil settlement in China	c	45	45
– Uncalled commitments to subscribe for additional shares in joint ventures and other investments		40	52
– Commitments in respect of purchase of investment properties		30	–
		449	1,269

a. The commitments in respect of the acquisitions of SDIC New Energy Investment Co., Ltd and Shenzhen Huiyang New Energy (HYNE) were completed during the year (see Note G3 and G5, respectively).

b. The amount in 2022 included the construction of a 150MW battery at Wilton International, Teesside, UK.

c. As part of the settlement relating to the discharge of off-specification wastewater by its 98.42% owned 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, 2022, 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 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 includes 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	Lease period of 5 to 84 years
Buildings	3 to 50 years
Improvements to premises	3 to 30 years
Quays and dry docks	9 to 28 years
Infrastructure	25 to 30 years
Plant and machinery	3 to 30 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 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, 2022		401	85	12	55	9,584	70	88	159	359	10,813
Translation adjustments		(20)	(7)	–	(1)	(479)	(2)	(1)	(14)	(13)	(537)
Additions		5	1	–	–	106	6	2	544	55	719
Reclassification		1	5	–	*	446	*	3	(456)	1	–
Acquisition of subsidiaries	iii	33	–	–	–	885	*	*	–	14	932
Transfer from investment properties	D2	3	–	–	–	–	*	–	–	–	3
Transfer from / (to) other financial assets		–	–	–	–	*	–	–	*	–	*
Remeasurement adjustments for right-of-use assets		–	–	–	–	–	–	–	–	7	7
Transfer to assets held for sale	G6	(87)	–	–	(54)	(3,290)	(6)	(2)	(3)	(12)	(3,454)
Disposals / Write-offs		(1)	(1)	–	–	(65)	(7)	(8)	*	(6)	(88)
Balance at December 31, 2022		335	83	12	–	7,187	61	82	230	405	8,395
Accumulated Depreciation and Impairment Losses											
Balance at January 1, 2022		111	24	9	28	3,354	51	41	6	95	3,719
Translation adjustments		(5)	(1)	–	(1)	(141)	(1)	*	(1)	(2)	(152)
Depreciation for the year											
– Continuing operations	B4a	9	4	1	*	288	6	9	–	23	340
– Discontinued operation	G6	1	–	–	3	82	*	*	–	1	87
Reclassification		1	–	–	–	(1)	*	*	–	–	–
Transfer from investment properties	D2	*	–	–	–	–	–	–	–	–	*
Transfer to assets held for sale	G6	(9)	–	–	(30)	(805)	(4)	(1)	–	(1)	(850)
Disposals / Write-offs		(1)	*	–	–	(57)	(7)	(7)	*	(4)	(76)
Impairment losses	v, vi, B4a	*	*	–	–	22	*	–	–	–	22
Balance at December 31, 2022		107	27	10	–	2,742	45	42	5	112	3,090
Carrying Amounts											
At January 1, 2022		290	61	3	27	6,230	19	47	153	264	7,094
At December 31, 2022		228	56	2	–	4,445	16	40	225	293	5,305

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1. Property, Plant and Equipment *(cont'd)*

(S$ million)	Note	Leasehold and freehold land 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											
– Continuing operations	B4a	8	3	*	–	255	5	10	–	19	300
– Discontinued operation	G6	1	–	–	4	126	1	*	–	*	132
Reclassification		(1)	*	–	–	1	*	–	–	–	–
Transfer from investment properties	D2	3	–	–	–	–	–	–	–	–	3
Disposals / Write-offs		(1)	(1)	*	–	(55)	(1)	(6)	–	(6)	(70)
Impairment losses	B4a	*	*	–	–	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)*

Group

i. PPE with the following net book values have been pledged to secure loan facilities granted to subsidiaries. The PPE of the disposal group and the corresponding amount pledged are presented under assets held for sale (Note G6).

(S$ million)	Note	Group December 31, 2022	Group December 31, 2021
Freehold land and buildings		70	160
Leasehold land and buildings including right-of-use assets		33	44
Plant and machinery		1,862	4,241
Capital work-in-progress		4	8
Other assets		2	34
	C5a	1,971	4,487

ii. During the year, interest and direct staff costs amounting to S$4 million (2021: S$2 million) and S$4 million (2021: S$2 million), respectively were capitalised as capital work-in-progress. The capitalised interest costs are calculated using a rate from 3.84% to 4.99% (2021: 4.04% to 4.99%).

iii. PPE arising from the acquisition of subsidiaries were stated at fair value at the acquisition date (Note G5).

iv. In 2022, the provision for restoration costs capitalised in PPE amounted to S$34 million (2021: S$16 million) (Note H2).

v. In 2022, due to more stringent emission standards that will come into force in Singapore in 2023, an assessment was performed on a woodchip boiler facility's efficiency and effectiveness in meeting the new emission standards. An impairment of S$18 million was recognised in cost of sales to reduce the carrying value of the facility to its recoverable amount as higher operating costs are expected to be incurred for the facility to meet the new emission standards. The recoverable amount was estimated based on its value-in-use, determined using a pre-tax discount rate of 5.5%.

vi. In 2022, following management's review of the economic performance of the water plant in Qinzhou, China, an impairment of S$4 million was made and recognised in cost of sales. The assessment takes into consideration current and future water tariffs and used 20 years cash flow projections, with the expected capital expenditure in accordance with the plant maintenance programme, representing the estimated remaining useful life of the plant and a pre-tax discount rate of 6.5% to determine the recoverable amount of the plant.

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 to align 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, which is contributed by the disposal group 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 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, 2022	20	7	8	735	22	3	15	145	955
Additions	*	*	–	23	*	*	5	12	40
Remeasurement adjustments for right-of-use assets	–	–	–	–	–	–	–	3	3
Reclassification	–	*	–	16	1	–	(17)	–	–
Transfer to assets held for sale	*	–	–	–	–	–	–	–	*
Disposals / Write-offs	(1)	*	–	(42)	(1)	(1)	–	*	(45)
Balance at December 31, 2022	19	7	8	732	22	2	3	160	953
Accumulated Depreciation and Impairment Losses									
Balance at January 1, 2022	14	7	4	493	19	2	–	51	590
Depreciation for the year	1	*	2	43	1	*	–	12	59
Transfer to assets held for sale	*	–	–	–	–	–	–	–	*
Disposals / Write-offs	(1)	*	–	(42)	(1)	(1)	–	*	(45)
Impairment losses	*	–	–	1	–	–	–	–	1
Balance at December 31, 2022	14	7	6	495	19	1	–	63	605
Carrying Amounts									
At January 1, 2022	6	–	4	242	3	1	15	94	365
At December 31, 2022	5	–	2	237	3	1	3	97	348
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

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 payments 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

	Group	
(S$ million)	December 31, 2022	December 31, 2021
Right-of-use assets		
Leasehold land and buildings	272	247
Plant and machinery	5	6
Motor vehicles	16	11
Furniture, fittings and office equipment	*	*
Total	293	264
Lease liabilities		
Current	17	14
Non-current	270	244
Total	287	258
Maturity analysis		
Within 1 year	17	14
After 1 year but within 5 years	85	56
After 5 years	185	188
Total	287	258

In 2022, additions to the right-of-use assets were S$55 million (2021: S$49 million).

	Company	
(S$ million)	December 31, 2022	December 31, 2021
Right-of-use assets		
Leasehold land and buildings	72	67
Plant and machinery	25	27
Total	97	94
Lease liabilities		
Current	10	5
Non-current	107	110
Total	117	115
Maturity analysis		
Within 1 year	10	5
After 1 year but within 5 years	18	18
After 5 years	89	92
Total	117	115

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)	Note	Group 2022	Group 2021#
Depreciation charge of right-of-use assets:			
– Leasehold land and buildings		17	16
– Plant and machinery		1	1
– Motor vehicles		5	2
– Furniture, fittings and office equipment		*	*
		23	19
Interest expense on lease liabilities (included in finance cost)	C6	10	9
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)		*	*
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)		7	6
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 2022 was S$33 million (2021: S$22 million).

D2. Investment Properties

The Group holds certain properties for rental yields and 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.

(S$ million)	Note	Group: Investment properties	Group: Investment properties work-in-progress	Group: Total
Cost				
Balance at January 1, 2022		159	5	164
Translation adjustments		(12)	(1)	(13)
Additions		3	11	14
Reclassification		5	(5)	–
Transfer to property, plant and equipment	D1	(3)	*	(3)
Disposals / Write-offs		(4)	–	(4)
Balance at December 31, 2022		148	10	158
Accumulated Depreciation				
Balance at January 1, 2022		26	–	26
Translation adjustments		(1)	–	(1)
Depreciation for the year	B4a	4	–	4
Transfer to property, plant and equipment	D1	*	–	*
Disposals / Write-offs		(4)	–	(4)
Balance at December 31, 2022		25	–	25
Carrying Amounts				
At January 1, 2022		133	5	138
At December 31, 2022		123	10	133

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D2. Investment Properties *(cont'd)*

(S$ million)	Note	Group 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	B4a	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

Amounts recognised in profit or loss for investment properties

(S$ million)	Group 2022	2021#
Rental income	11	10
Operating expenses arising from rental of investment properties	8	7

The fair value of the investment properties as at the balance sheet date is S$187 million (2021: S$186 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.

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 2022	2021
Lease receivable:		
Within 1 year	8	10
1 to 2 years	5	9
2 to 3 years	3	6
3 to 4 years	2	3
4 to 5 years	2	2
More than 5 years	5	7
	25	37

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. Power Generation Permits

Power generation permits are fair valued using cash flow projections over the tenure of the permits, ranging from 23 to 25 years. Amortisation is recognised in profit or loss on a straight-line basis over the tenure of the permits.

e. Carbon Allowances

Carbon allowances received are accounted for using the 'net liability' method. Any quantities of allowances above those forecast to be required for the company's own use are accounted for as an intangible asset together with a related deferred income balance in the balance sheet at their estimated recoverable value. A liability would only crystalise when emissions are greater than the allowances granted.

f. Other Intangible Assets

Other intangible assets comprise software, development rights and golf club membership.

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 arrange-ments	Long-term contracts	Power generation permits	Carbon allowances	Others	Total
Cost								
Balance at January 1, 2022		278	58	235	–	76	61	708
Translation adjustments		(21)	(7)	(20)	(22)	(9)	(1)	(80)
Additions	i	–	*	–	–	135	7	142
Acquisition of subsidiary	G5	33	–	–	415	–	*	448
Disposal	i	–	*	–	–	(124)	*	(124)
Transfer from other category of asset		–	*	–	–	–	*	*
Transfer to assets held for sale	G6	(55)	–	(33)	–	–	(2)	(90)
Write-off	B4a	–	*	–	–	–	*	*
Balance at December 31, 2022		**235**	**51**	**182**	**393**	**78**	**65**	**1,004**
Accumulated Amortisation								
Balance at January 1, 2022		119	28	132	–	–	39	318
Translation adjustments		(10)	(4)	(13)	(1)	–	(1)	(29)
Amortisation charge for the year								
– Continuing operations	B4a	–	3	7	10	–	8	28
– Discontinued operation		–	–	1	–	–	1	2
Disposal		–	*	–	–	–	*	*
Transfer to assets held for sale	G6	–	–	(10)	–	–	(2)	(12)
Write-off	B4a	–	*	–	–	–	*	*
Balance at December 31, 2022		**109**	**27**	**117**	**9**	**–**	**45**	**307**
Carrying Amounts								
At January 1, 2022		**159**	**30**	**103**	**–**	**76**	**22**	**390**
At December 31, 2022		**126**	**24**	**65**	**384**	**78**	**20**	**697**

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	Carbon allowances	Others	Total
Cost							
Balance at January 1, 2021		277	54	236	21	53	641
Translation adjustments		1	4	*	(1)	1	5
Additions	i	–	1	–	78	6	85
Acquisition of subsidiary		*	–	–	–	–	*
Disposal	i	–	*	–	(22)	–	(22)
Transfer from other category of asset		–	–	–	–	1	1
Write-off	B4a	–	(1)	(1)	–	–	(2)
Balance at December 31, 2021		278	58	235	76	61	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							
– Continuing operations	B4a	–	3	10	–	8	21
– Discontinued operation		–	–	1	–	*	1
Disposal		–	*	–	–	–	*
Impairment losses	B4a, B4c	–	–	–	–	*	*
Write-off	B4a	–	*	(1)	–	(1)	(2)
Balance at December 31, 2021		119	28	132	–	39	318
Carrying Amounts							
At January 1, 2021		159	33	114	21	21	348
At December 31, 2021		159	30	103	76	22	390

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. Intangible assets of less than S$1 million (2021: less than S$1 million) have been pledged to secure loan facilities.

iii. The amortisation of intangible assets is analysed as follows:

(S$ million)	Group 2022	2021#
Cost of sales	22	15
Administrative expenses	8	7
Total	30	22

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, 2022	December 31, 2021
Cash-generating Unit (CGU)		
SUT Division	19	19
Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd[1]	43	43
SEIL (Project I) (formerly known as Sembcorp Energy India Ltd)#	–	23
SEIL (Project II) (formerly known as Sembcorp Gayatri Power Limited)#	–	38
Sembcorp Green Infra Limited and its subsidiaries	31	36
Shenzhen Huiyang New Energy (HYNE)	33	–
Multiple units with insignificant goodwill	*	*
	126	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.

SEIL was classified as a disposal group held for sale and as a discontinued operation (See Note G6).

The increase in goodwill during the year arose from the acquisition of HYNE (See Note G5). The identified assets acquired and liabilities assumed for the CGU are measured at their fair values and there has been no changes to the goodwill determined on a provisional basis as at December 31, 2022.

The recoverable amounts for SUT Division, Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd and Sembcorp Green Infra Limited and its subsidiaries 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 5.7% and 11.7% (2021: 3.9% and 10.4%) 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	Sembcorp Green Infra Limited and its subsidiaries
Cash flow projections period	Remaining useful life of plants assumed 18 years (2021: 19 years)	Remaining contractual period of existing contracts	Remaining useful life of plants assumed 28 years (2021: 29 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 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
Terminal value	Nil (2021: Nil)	Nil (2021: Nil)	Nil (2021: Nil)
Inflation rate assumptions used to project overheads and other general expenses	1.5% – 2% (2021: 0.9% – 1.5%)	1.5% – 2% (2021: 0.9% – 1.5%)	3.5% (2021: 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	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

The subsidiaries in Fuzhou and Yanjiao in China have service concession agreements with the local municipalities to supply drinking water to the local communities.

Under these arrangements, the charges for use of these assets are adjusted regularly according to agreed cost reference and escalation formula in the concession agreement as approved by respective local authorities.

c. Long-term Contracts

India

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 acquired in 2018, 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).

d. Power Generation Permits

The subsidiaries in China, acquired during the year, own power generation permits to operate solar and wind power plants in various locations of China, with tenures ranging from 23 to 25 years.

e. Carbon Allowances

These are allowances, received from the UK government and purchased from the carbon market, to settle the emission obligation from its gas-fired thermal power plants.

f. Other Intangible Assets

Other intangible assets comprise software, development rights and golf club membership.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

(S$ million)	Company Goodwill	Company Others	Company Total
Cost			
Balance at January 1, 2022	19	27	46
Additions	–	4	4
Disposals / Write-offs	–	*	*
Balance at December 31, 2022	19	31	50
Accumulated Amortisation			
Balance at January 1, 2022	–	21	21
Amortisation charge for the year	–	2	2
Disposals / Write-offs	–	*	*
Balance at December 31, 2022	–	23	23
Carrying Amounts			
At January 1, 2022	19	6	25
At December 31, 2022	19	8	27
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

The Company's goodwill relates to goodwill on the acquisition of the SUT Division in 2008.

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 terms 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 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.

(S$ million)	Note	December 31, 2022 Non-current	December 31, 2022 Current	December 31, 2022 Total	December 31, 2021 Non-current	December 31, 2021 Current	December 31, 2021 Total
Group							
Trade receivables		12	665	677	*	1,000	1,000
Service concession receivables	i	852	45	897	912	44	956
Amounts due from related parties	G4	4	86	90	1	44	45
Staff loans		–	*	*	–	*	*
Deposits	ii	28	85	113	6	106	112
Sundry receivables	iii	–	141	141	–	120	120
Unbilled receivables	iv	–	374	374	–	542	542
Recoverables		1	24	25	*	22	22
Interest receivables		–	6	6	–	3	3
Grant receivables		–	4	4	–	4	4
		897	1,430	2,327	919	1,885	2,804
Loss allowance	F4	(112)	(51)	(163)	(12)	(65)	(77)
Financial assets at amortised cost	F4, v	785	1,379	2,164	907	1,820	2,727
Prepayments	vi	47	47	94	38	52	90
Employee defined benefit asset		17	*	17	22	2	24
Advances to suppliers		–	134	134	–	104	104
Tax recoverable		6	4	10	15	4	19
Share application money paid	vii	–	–	–	–	4	4
		855	1,564	2,419	982	1,986	2,968

Notes to the Financial Statements

E. Our Working Capital *(cont'd)*

E1. Trade and Other Receivables *(cont'd)*

i. The Group has service concession agreements with the local governments and governing agencies through its subsidiaries. The agreements in Singapore are for supply of treated water and agreements in Myanmar and Bangladesh are for supply of electricity.

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% (2021: 3.6% to 8.5%).

ii. Deposits include cash collateral placed on deposits in margin accounts.

iii. Sundry receivables represent mainly GST receivables, loan receivables and miscellaneous receivables.

iv. Unbilled receivables represent revenue accrued for sale of utilities commodities and services.

v. Trade and other receivables of S$839 million (2021: S$1,325 million) have been pledged to secure loan facilities. Included in the pledged amount is S$372 million (2021: S$397 million) which relates to underlying assets of the service concession arrangements.

vi. Prepayments are charged to profit or loss on a straight-line basis over the service 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$38 million (2021: S$20 million);
- Service fees prepaid under the Gasoil Supply and Storage Agreement for the usage of tank; and
- Capacity charges prepaid for the use of gas delivery pipelines, prepaid insurance premium, transport tariff recoverable and maintenance of plants.

vii. In 2021, the Group paid S$4 million towards share application money pending allotment to a joint venture.

		December 31, 2022			December 31, 2021		
(S$ million)	Note	Non-current	Current	Total	Non-current	Current	Total
Company							
Trade receivables		–	24	24	–	20	20
Amounts due from related parties	G4	–	40	40	–	35	35
Deposits		–	2	2	–	2	2
Unbilled receivables	i	–	46	46	–	49	49
Recoverable		–	1	1	–	–	–
Grant receivables		–	4	4	–	4	4
		–	117	117	–	110	110
Loss allowance	F4	–	(2)	(2)	–	(1)	(1)
Financial assets at amortised cost	F4	–	115	115	–	109	109
Prepayments	ii	1	4	5	3	5	8
Advance to suppliers		–	*	*	–	1	1
		1	119	120	3	115	118

i. Included in the Company's unbilled receivables are amounts of S$26 million (2021: S$25 million) due from related companies.

ii. Connection and capacity charges prepaid for the use of pipelines and pipe racks.

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 land and construction costs, 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, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Raw materials and consumables	135	221	5	2
Finished goods	25	27	7	7
	160	248	12	9
Allowance for inventory obsolescence	(26)	(27)	(3)	(2)
	134	221	9	7
Properties under development	3	1	–	–
	137	222	9	7

S$25 million (2021: S$127 million) of the Group's inventories were pledged to secure loan facilities.

Amounts recognised in profit or loss

	Group	
(S$ million)	2022	2021[#]
– Inventories recognised as an expense in cost of sales	102	68
– Inventories written down	*	2

Notes to the Financial Statements

E. Our Working Capital *(cont'd)*

E3. Trade and Other Payables

Trade and other payables mainly consist of amounts the Group owes to its suppliers. They also include taxes and social security amounts payable relating to the Group's workforce.

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.

(S$ million)	Note	Group December 31, 2022	Group December 31, 2021	Company December 31, 2022	Company December31, 2021
Current liabilities					
Trade payables		163	268	4	7
Advance payments from customers		33	23	*	*
Amounts due to related parties	G4	57	4	6	2
Accrued capital and operating expenditure	i	804	923	132	141
Deposits		43	33	*	*
Accrued interest payable		29	15	–	–
Other creditors	ii	360	441	2	5
Deferred grants		–	–	*	–
Deferred consideration	G5	75	1	–	–
Contingent consideration	G5	151	–	–	–
		1,715	1,708	144	155
Non-current liabilities					
Deferred grants	iii	3	3	–	*
Amounts due to related parties	G4	–	–	1,358	1,445
Other long-term payables	iv	43	51	19	20
Deferred income		38	42	2	–
Contingent consideration		3	–	–	–
Retirement benefit obligation		6	9	–	–
		93	105	1,379	1,465

i. Included in the Company's accrued operating expenses are amounts of S$36 million (2021: S$43 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. 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 December 31, 2022	Group December 31, 2021	Company December 31, 2022	Company December 31, 2021
Fixed deposits with banks	398	549	–	–
Cash and bank balances	856	795	239	427
Cash and cash equivalents in the balance sheets	1,254	1,344	239	427
Restricted bank balances	(8)	(47)	–	–
Cash and cash equivalents in the consolidated statement of cash flows	1,246	1,297	239	427
Cash and cash equivalents inclusive of placement with:				
– A subsidiary	–	–	237	426
– A related corporation	137	74	2	1

Fixed deposits with banks of the Group earn interest at rates ranging from 0.25% to 6.40% (2021: 0.12% to 8.00%) per annum.

Included in the Group's cash and cash equivalents is an amount of S$156 million (2021: S$259 million) over which banks have a first charge in the event that the respective subsidiaries do not meet the debt servicing requirements.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management

In undertaking the transformation from brown to green, the Group has carefully optimised its assets portfolio, monitored its risk exposures, and ensured that the Group is not over-leveraged.

F1. Market Risk

This note details the Group's exposure to treasury and financial risks including credit, liquidity, interest and foreign exchange risks, and the objectives and policies in place to monitor and manage these risks.

The Group has implemented the Integrated Assurance Framework (IAF) which is based on a multi-level line of defence (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 applied to assess the risks and adequacy and effectiveness of 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 risk management 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.

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 floating interest rates.

Based on the variable rate net debt position (both issued and hedged) at 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 rate of 1% would have decreased the Group's profit before tax (PBT) by S$18 million (2021: decreased by S$29 million) and increased equity by S$5 million (2021: increased by S$6 million). At Company level, PBT would have decreased by S$10 million (2021: decreased by S$9 million) without any impact to equity (2021: 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.

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 Group's exposure to foreign currency risk (excluding the Group's net investment hedges and loan receivables that form part of the net investment in its subsidiaries and associates in the UK and China) based on its risk management policy is summarised as follows:

(S$ million)	Group SGD	USD	EURO	GBP	RMB	INR	Others
2022							
Financial assets							
Cash and cash equivalents	47	66	1	*	1	–	16
Trade and other receivables	16	470	1	1	23	–	37
Other financial assets	–	53	–	–	–	–	1
	63	589	2	1	24	–	54
Financial liabilities							
Trade and other payables	45	409	3	228	9	–	24
Interest-bearing borrowings	–	30	100	–	–	–	83
Lease liabilities	4	–	–	–	–	–	*
	49	439	103	228	9	–	107
Net financial assets / (liabilities)	14	150	(101)	(227)	15	–	(53)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(184)	(6)	–	(9)	–	–
Less: Cross currency swap / Foreign exchange forward contracts	49	273	106	220	9	–	83
Net currency exposure	63	239	(1)	(7)	15	–	30
2021							
Financial assets							
Cash and cash equivalents	27	224	3	*	*	–	17
Trade and other receivables	23	404	*	1	158	*	22
Other financial assets	–	53	–	–	–	–	–
	50	681	3	1	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)	–	(129)	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	–	*	18	*	28

The Company's gross exposure to foreign currency is as follows:

(S$ million)	Company USD
2022	
Financial assets	
Cash and cash equivalents	11
Trade and other receivables	18
	29
Financial liabilities	
Trade and other payables	18
Net financial assets	11
Net currency exposure	11
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)

Sensitivity Analysis

A 10% strengthening of the following currencies against the functional currencies of the Group and Company at 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, ignoring 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)	2022	2021	2022	2021	2022	2021
SGD	4	2	1	*	–	–
USD	20	15	19	27	1	(1)
EURO	*	–	*	*	–	–
GBP	–	–	(1)	*	–	–
RMB	–	–	2	9	–	–
INR	–	–	–	*	–	–
Others	–	–	3	3	–	–

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.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F1. Market Risk *(cont'd)*

a. Market Risk *(cont'd)*

iii. Price Risk

Mutual Funds and Equity Securities Price Risk

The Group is exposed to price risk from mutual funds and equity securities designated 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$7 million, respectively (2021: increased by S$5 million and S$11 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 (CFDs).

CFDs are entered into with counterparties at a strike price, with or without fixing the quantity upfront, to hedge against adverse price movements from sale of electricity. Exposure to price fluctuations from purchases of fuel is managed via fuel oil swaps where fuel price is indexed to a benchmark index, for example Singapore High Sulphur Fuel Oil 180 CST fuel oil and Dated Brent.

The Group designates 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. 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 hedges.

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)	2022	2021
Equity	11	19

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.

F2. Hedges

The Group uses derivative instruments (derivatives) (as disclosed in Note H1) to hedge financial 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 balance sheet at fair value. Movements in price of the underlying variables, which causes the value of contract to fluctuate, are reflected in the fair value of 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 subject to fair value through profit or loss.

Fair value gains and losses attributable to economic hedges are recognised in profit or loss while recognition of fair value gains and losses of those attributable to accounting hedges depends on the nature of 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 fair value of the underlying item relating to the hedged risks are recognised in profit or loss. The effective portion of changes in fair value of derivatives designated as cash flow hedges are recognised in 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 any 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 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 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.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

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. 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:

- effects of the counterparties' and the Group's own credit risk on fair value of the swaps, which is not reflected in the change in fair value of the hedged cash flows attributable to change in interest rates; and
- changes in timing of hedged transactions.

The Group designates only the change in fair value of the spot element of forward exchange contract for funding purposes as the hedging instrument in a cash flow hedging relationship. The change in fair value of the forward element of 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 (Alternate Reference Rule).

The Audit Committee monitors the Group's transition to Alternate Reference Rule. The management evaluates and negotiates the transition into Alternate Reference Rule. The committee reports to the 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) as well as credit facilities in LIBOR and SOR which extend beyond the anticipated cessation date of the rates on June 30, 2023. The Group has completed transitioning the GBP loans and hedges from LIBOR to SONIA and is close to completing transitioning the loans and hedges from SOR to SORA. The Group has started to engage counterparties to transition USD LIBOR to SOFR to complete the whole IBOR transition exercise for the Group. As at December 31, 2022, 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 hedge relationships directly affected by interest rate transition.

The Group considers that a contract is not yet transitioned to an Alternative Reference Rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate transition, even if it includes a fallback clause that deals with cessation of the existing IBOR (referred to as an unreformed contract).

The following table shows the total amounts of unreformed contracts as at December 31, 2022 for the Group. There is no unreformed contract for the Company. The amounts of financial liabilities shown are at their carrying amounts and derivatives at their nominal amounts.

(S$ million)	Total amount of unreformed contracts USD LIBOR
Group	
December 31, 2022	
Financial liabilities	
Secured term loans	115
Unsecured term loans	198
Derivatives	
Interest rate swaps and cross currency swaps	282

The Group's exposure to the interest rate benchmark reform as at December 31, 2022 corresponds with the interest rate swaps and cross currency swaps used to hedge LIBOR (2021: SOR and LIBOR) cash flows on the Group's bank loans maturing from 2026 to 2036 (2021: 2023 to 2036). The Group's exposure to LIBOR (2021: SOR and LIBOR) designated in a hedging relationship that is directly affected by the interest rate benchmark reform approximates a nominal amount of S$282 million (2021: S$1,110 million) as at December 31, 2022.

Cash Flow Hedges

Key estimates and judgements

For cash flow hedge relationships directly impacted by interest rate benchmark reform (i.e. hedges of LIBOR and SOR), the Group assumes that the cash flows of hedged item and hedging instrument will not be altered.

LIBOR and SOR continue to be used as reference rates in financial markets and are used in valuation of instruments with maturities that exceed the expected end date for LIBOR and SOR. Therefore, the Group believes the current market structure supports continuation of hedge accounting.

The Group designates certain forward foreign exchange contracts, interest rate swaps, cross currency interest rate swaps and fuel oil swaps in various cash flow hedges.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Cash Flow Hedges *(cont'd)*

At December 31, 2022, the Group held the following instruments to hedge exposures to fluctuations in foreign currencies, interest rates and commodity prices:

(S$ million)	Rate ($)	Interest rate (%)	Maturity: Within 1 year	Maturity: Between 1 and 5 years	Maturity: More than 5 years
2022					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
– SGD / USD	0.70–0.75	–	49	–	–
– USD / SGD	1.33–1.42	–	258	56	–
– EUR / SGD	1.43	–	6	–	–
Interest rate risk					
Interest rate swap (IRS)					
– Float-to-fixed	–	1.05–2.51	105	1,176	–
– Fixed-to-float	–	2.92	–	–	168
Foreign currency and interest rate risk					
Cross currency swaps					
– EUR / SGD	1.80	–	–	99	–
– Float-to-fixed (USD / VND)	23,085–23,185	9.08–10.24	4	13	–
Commodity risk					
Fuel oil swaps					
– Fuel oil swap ($ per MT)	253.00–641.00	–	265	29	–
– Fuel oil swap ($ per BBL)	51.28–93.92	–	88	–	–
– Fuel oil swap ($ per MMBTU)	9.30–67.50	–	209	–	–
Electricity futures market contracts	289.85–326.00	–	4	–	–

(S$ million)	Rate ($)	Interest rate (%)	Maturity: Within 1 year	Maturity: Between 1 and 5 years	Maturity: More than 5 years
2021					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
– SGD / USD	0.73–0.76	–	30	–	–
– USD / SGD	1.32–1.47	–	209	21	–
– EUR / SGD	1.59	–	3	–	–
– USD / INR	75.04–78.26	–	609	–	–
– CNH / SGD	0.21	–	2	–	–
Cash					
– USD / SGD	1.35–1.36	–	56	–	–
– CNH / SGD	0.21	–	29	–	–
Interest rate risk					
Interest rate swap (IRS)					
– Float-to-fixed	–	0.87–2.51	117	899	–
– Fixed-to-float	–	2.92	–	–	177
Foreign currency and interest rate risk					
Cross currency swaps					
– USD / INR	66.75	–	249	–	–
Commodity risk					
Fuel oil swaps					
– Fuel oil swap ($ 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)*

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 2022	2021
Foreign currency risk		
Highly probable purchases	(5)	3
Highly probable equity injection	(1)	1
Payments	1	1
Interest rate risk		
Variable rate borrowings	42	(28)
Other financial liabilities	16	(3)
Foreign currency and interest rate risk		
Fixed-rate borrowings	7	–
Variable rate borrowings	–	(2)
Commodity risk		
Highly probable purchases	(16)	51
Fuel oil price	24	84

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	Total
2022						
Nominal amount – S$ million	369	1,449	116	591	4	2,529
Quantity	–	–	–	486,404 MT, 739,123 BBL, and 4,830,000 MMBTU	–	486,404 MT, 739,123 BBL, and 4,830,000 MMBTU
Carrying amount – S$ million						
Other financial assets	1	73	4	24	1	103
Other financial liabilities	5	–	*	78	–	83
Fair value increase / (decrease) – S$ million						
Hedging instruments	(2)	106	2	201	11	318
Hedged items	2	(106)	(2)	(201)	(11)	(318)
Hedge ineffectiveness	*	–	–	–	–	*
Reconciliation of hedging reserve – S$ million						
Changes in fair value	(2)	106	2	201	11	318
Amounts reclassified to profit or loss:						
– Turnover	–	–	–	8	19	27
– Cost of goods sold	(3)	–	–	(251)	–	(254)
– Other operating income	–	–	–	(114)	–	(114)
Amount reclassified to cost of investment in a subsidiary	*	–	–	–	–	*
						(23)
Tax on above items						9
Change in hedging reserve						(14)
Share of other comprehensive income of associates and joint ventures						63
Movement during the year						**49**

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	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

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 2022	Cash flow hedge reserve 2021
Balance at January 1	48	(133)
Movement during the year		
Changes in fair value:		
– Foreign currency risk	(2)	(84)
– Interest rate risk	106	54
– Foreign currency and interest rate risk	2	5
– Commodity risk	212	160
Amount reclassified to profit or loss:		
– Foreign currency risk	(3)	95
– Commodity risk	(338)	(50)
Amount reclassified to cost of investment in a subsidiary	*	(1)
Tax on movements on reserves during the year	9	(31)
Share of other comprehensive income of associates and joint ventures	63	35
	49	183
Share of non-controlling interests	(4)	(2)
Balance at December 31	**93**	**48**

Net Investment Hedges

The Group's investments in its UK and China (2021: UK) subsidiaries are hedged by GBP / SGD and CNH / SGD (2021: GBP / SGD) forward foreign exchange contracts (hedging instrument) respectively, which mitigate the currency risks arising from the subsidiaries' net assets. The carrying amounts of the hedging instruments of S$23 million (2021: S$6 million) and S$12 million (2021: S$9 million) are included in other financial assets and other financial liabilities respectively.

The notional amount of the contracts is S$323 million (2021: S$166 million). During the financial year, net hedging loss of S$51 million (2021: hedging loss of S$1 million) was recognised in other comprehensive income. As at December 31, 2022, the balance of foreign currency translation reserve for continuing hedges is a loss of S$20 million (2021: gain of S$32 million).

F3. Liquidity Risk

The Group manages its liquidity risk with a view to maintaining a healthy level of cash and cash equivalents that corresponds with its operating environment and expected cash flows. Liquidity requirements are maintained within the credit facilities established and are adequate to meet the Group's obligations.

Maturity Profile of the Group's and 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) that are designated as cash flow hedges are expected to impact profit or loss within 1 year to 5 years and upon disposal, should it arise, of its investment in subsidiaries.

Approximately S$1,100 million (2021: S$750 million) of interest-bearing borrowings are due within 12 months. The Group has at least S$2,400 million (2021: S$1,900 million) in committed credit facilities with final maturity dates beyond 2022 that can be drawn down.

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 Company's Financial Liabilities *(cont'd)*

The table below analyses the maturity profile of the Group's and the Company's financial assets and liabilities (including derivative financial assets and 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					
2022					
Derivatives					
Derivative financial liabilities	122				
– inflow		555	426	129	–
– outflow		(683)	(528)	(155)	–
Derivative financial assets	(132)				
– inflow		293	132	161	–
– outflow		(169)	(58)	(111)	–
Non-derivative financial liabilities					
Trade and other payables[1]	1,671	(1,672)	(1,654)	(17)	(1)
Lease liabilities	287	(427)	(29)	(91)	(307)
Interest-bearing borrowings	7,070	(8,642)	(1,325)	(4,439)	(2,878)
	9,018	(10,745)	(3,036)	(4,523)	(3,186)
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)

[1] Excludes advance payments, deferred income, Goods and Services Tax and employee benefits

(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					
2022					
Non-derivative financial liabilities					
Trade and other payables[1]	1,520	(1,599)	(210)	(1,389)	–
Lease liabilities	117	(179)	(14)	(32)	(133)
	1,637	(1,778)	(224)	(1,421)	(133)
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)

[1] Excludes advance payments, deferred grants, 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 profit or loss and 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					
2022					
Derivative financial liabilities	83				
– inflow		212	166	46	–
– outflow		(295)	(244)	(51)	–
Derivative financial assets	(103)				
– inflow		271	106	165	–
– outflow		(169)	(58)	(111)	–
	(20)	19	(30)	49	–
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	–

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

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, after estimating the risk of default.

Accounting policies

The Group applies the simplified approach to provide ECL on trade and unbilled receivables as well as 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. When credit risk has increased significantly since initial recognition, loss allowance is measured at lifetime 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 grouped 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 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 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 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.

ECL assessment for customers with credit ratings (or equivalent)

The Group allocates exposure to credit risk by segmenting customers based on geographic region and industry classification.

(S$ million)	Equivalent to external credit rating	Credit impaired	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2022					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BBB – B	No	582	(7)	575
– Government	AAA – BB	No	294	*	294
– Retail	A+ – B-	No	17	(2)	15
– Others	A+ – A-	No	5	*	5
Service concession receivables (Note ii)	CC	No	352	(110)	242
			1,250	(119)	1,131
Receivables measured at 12-month ECL					
Service concession receivables	AAA – BB-	No	545	(4)	541
Total			**1,795**	**(123)**	**1,672**
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**
Company					
2022					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BB+ – B-	No	45	(1)	44
– Government	AAA	No	4	–	4
Total			**49**	**(1)**	**48**
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
Total			**50**	**(1)**	**49**

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) *(cont'd)*

i. As at December 31, 2022, 84% (2021: 84%) of service concession receivables relate to two major customers of the Group.

ii. The provision was made following management's regular assessment of credit risk under SFRS(I) 9. Although there is no default on payment, the Group has determined that the credit risk on the service concession receivables for Sembcorp Myingyan Power Company (SMPC) has increased significantly, taking into consideration forward-looking information on the risk of foreign currency shortages, a weakening economy and Myanmar being categorised as a high-risk jurisdiction by the Financial Action Task Force, with increased risk of economic and financial sanctions. Accordingly, lifetime ECL is applied on the service concession receivables of SMPC.

iii. Other than (ii) above, there were no trade and other receivables and contract assets with significant increase in credit risk since initial recognition. There were also no credit impaired receivables at balance sheet date.

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					
2022					
Not past due	No	2.3%	88	(2)	86
Past due 0 to 3 months	No	2.7%	37	(1)	36
Past due 3 to 6 months	No	3.3%	30	(1)	29
Past due 6 to 12 months	No	16.7%	6	(1)	5
More than 1 year	Yes	82.6%	23	(19)	4
Total			**184**	**(24)**	**160**
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**

(S$ million)	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Company					
2022					
Not past due	No	2.2%	92	(2)	90
Past due 0 to 3 months	No	–	20	–	20
Past due 3 to 6 months	No	–	*	–	*
Past due 6 to 12 months	No	–	2	–	2
More than 1 year	No	–	3	–	3
Total			**117**	**(2)**	**115**
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**

For the remaining financial assets at amortised cost amounting to S$377 million (2021: S$351 million) which include deposits in margin accounts, long-term fixed deposits with financial institutions, convertible loan, dividends receivables and GST receivables, the Group considered the risk that a credit loss may occur, and recognised a loss allowance of S$16 million (2021: S$16 million).

Movements in loss allowances

		2022			2021		
(S$ million)	Note	12-month ECL	Lifetime ECL	Total	12-month ECL	Lifetime ECL	Total
Group							
Balance at January 1		11	66	77	11	46	57
Currency translation difference		*	(7)	(7)	*	1	1
Impairment loss recognised		*	113	113	–	26	26
Allowance written back		–	(16)	(16)	*	(7)	(7)
Transfer to assets held for sale		–	(3)	(3)	–	–	–
Loss allowance utilised		–	(1)	(1)	–	–	–
Transfer to lifetime ECL		(7)	7	–	–	–	–
Balance at December 31	E1	**4**	**159**	**163**	**11**	**66**	**77**
Company							
Balance at January 1		–	1	1	–	*	*
Impairment loss recognised		–	1	1	–	1	1
Balance at December 31	E1	**–**	**2**	**2**	**–**	**1**	**1**

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

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. These derivatives are mainly foreign exchange contracts, foreign exchange swaps, interest rate swaps, cross currency swaps, fuel oil swaps and electricity futures.

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 and electricity futures is accounted for based on difference between the contractual strike price with the counterparty and the current forward market price.

4. CFDs are accounted for based on the difference between the contracted price entered into with the counterparty and the reference price. The fair value of the CFDs would need to be adjusted to reflect the illiquidity. However, there have been minimal trades made in the electricity future market. There is also no fixed quantity stated in the agreement. As such, the fair value of the CFDs cannot be measured reliably. 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, which 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 an independent third party or by various valuation techniques, with assumptions based on existing market conditions at each balance sheet date.

a. Fair Value Hierarchy

Financial assets and financial liabilities carried at fair value

	Fair value measurement			
(S$ million)	Level 1	Level 2	Level 3	Total
Group				
At December 31, 2022				
Financial assets at FVOCI	–	–	53	53
Financial assets at FVTPL	37	–	32	69
Derivative financial assets	–	132	–	132
	37	132	85	254
Financial liabilities at FVTPL	–	(3)	(151)	(154)
Derivative financial liabilities	–	(122)	–	(122)
	–	(125)	(151)	(276)
	37	7	(66)	(22)
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

There have been no transfers between the different levels of the fair value hierarchy at December 31, 2022 and December 31, 2021.

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances of Level 3 financial instruments measured at FVOCI and FVTPL:

	Financial assets at FVOCI	
(S$ million)	2022	2021
Group		
Balance at January 1	53	71
Net change in fair value recognised in OCI	*	(18)
Balance at December 31	53	53

	Financial assets at FVTPL	
(S$ million)	2022	2021
Group		
Balance at January 1	28	26
Addition	10	5
Disposal[1]	(2)	(10)
Net change in fair value recognised in profit or loss	(4)	7
Balance at December 31	32	28

[1] FY2021 disposal included the Group's divestment of its interests in SJW

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F5. Financial Instruments *(cont'd)*

a. Fair Value Hierarchy *(cont'd)*

Level 3 fair values (cont'd)

(S$ million)	Financial liabilities at FVTPL 2022	Financial liabilities at FVTPL 2021
Group		
Balance at January 1	–	–
Addition	(141)	–
Translation adjustment	9	–
Net change in fair value recognised in profit or loss	(19)	–
Balance at December 31	(151)	–

Level 3 financial asset at FVOCI includes unquoted equity shares. The fair value of the unquoted equity shares are determined by reference to the investment's adjusted 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.

Financial liabilities at FVTPL in Level 3 relate to the contingent consideration on acquisition of HYNE (Note G5).

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 since 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, 2022				
Investment properties	–	–	187	187
Associate	88	–	–	88
Service concession receivables	–	1,644	–	1,644
Long-term interest-bearing borrowings	–	(5,776)	–	(5,776)
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)
Company				
At December 31, 2022				
Amounts due to related parties	–	(1,356)	–	(1,356)
At December 31, 2021				
Amounts due to related parties	–	(1,451)	–	(1,451)

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 the following:

(S$ million)	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
Group				
At December 31, 2022				
Service concession receivables	897	–	897	1,644
Interest-bearing borrowings:				
Non-current borrowings	–	(5,974)	(5,974)	(5,776)
At December 31, 2021				
Service concession receivables	956	–	956	1,501
Interest-bearing borrowings:				
Non-current borrowings	–	(6,637)	(6,637)	(6,654)
Company				
At December 31, 2022				
Amounts due to related parties	–	(1,358)	(1,358)	(1,356)
At December 31, 2021				
Amounts due to related parties	–	(1,445)	(1,445)	(1,451)

Notes to the Financial Statements

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.

During the year, the Group made three significant acquisitions, requiring the purchase price to be allocated to the fair value of the identifiable assets (including intangible assets) acquired and liabilities assumed.

Judgement is required in determining the classification of the acquisitions as asset acquisitions or business combinations. There is judgement and inherent uncertainty involved in the valuation of the assets and liabilities as well as settlement of any existing litigations between the parties.

The Group has used provisional amounts of purchase price allocation for the accounting of these acquisitions and has a one-year measurement period from the acquisition date to complete the accounting for the acquisitions. Fair value adjustments may arise on the completion of respective final purchase price allocations due to the estimation uncertainty involved.

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, 2022	Company December 31, 2021
At cost and carrying value:		
Unquoted equity shares	2,016	2,016
Preference shares	288	288
Share-based payments reserve	5	5
	2,309	2,309

Subsidiaries

Details of key subsidiaries of the Group are as follows:

Name of key subsidiary	Country of incorporation	Effective equity held by the Group 2022 %	Effective equity held by the Group 2021 %
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)[3,4]	India	100	100
Sembcorp Green Infra Limited (SGI)[3]	India	100	100
Sembcorp Huiyang New Energy (Shenzhen) Co., Ltd[2]	China	98	–

[1] Audited by KPMG LLP, Singapore
[2] Audited by member firms of KPMG International
[3] Audited by PricewaterhouseCoopers, India
[4] With the shareholders' approval of its divestment on November 8, 2022, SEIL has been classified as held for sale

G2. Non-controlling Interests

There are no subsidiaries with material NCI for the financial year ended December 31, 2022 and December 31, 2021.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G3. 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.

(S$ million)	Note	Group December 31, 2022	Group December 31, 2021
Associates and joint ventures	i	2,526	1,846
Loan to associate	ii	58	70
		2,584	1,916
Less: Allowance for impairment		(297)	(316)
	a, b	2,287	1,600

i. During the year, the Group acquired two associates in the renewable power business, namely SDIC New Energy Investment Co. Ltd (SDIC) and Hunan Xingling New Energy Co., Ltd.

ii. The loan to an associate 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.

iii. In 2022, the Group received dividends of S$93 million (2021: S$77 million) from its investments in associates and joint ventures.

iv. The carrying value includes goodwill on acquisition as follows:

(S$ million)	Group 2022	Group 2021
Balance at January 1	*	*
Addition	4	–
Impairment	(2)	–
Balance at December 31	2	*

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 2022 %	Effective equity held by the Group 2021 %
Renewables				
SDIC New Energy Investment Co., Ltd[1]	Project investment; investment management; technology development, transfer, training and promotion; technical, economic and trade consultation and services; and renewable power generation	China	35.11	–
Hunan Xingling New Energy Co., Ltd.[2]	Renewable power generation, power transmission and distribution businesses	China	45.30	–
Integrated Urban Solutions				
Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd[3]	First-grade land development including building infrastructure and public amenities	China	21.50	21.50
Conventional Energy				
Sembcorp Salalah Power and Water Company SAOG[4]	Generation of electric energy	Oman	40.00	40.00

[1] Audited by ShineWing Certified Public Accountants
[2] Audited by Baker Tilly Certified Public Accountants Co., Ltd, China
[3] Audited by Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd, China
[4] Audited by member firms of KPMG International

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G3. Associates and Joint Ventures *(cont'd)*

a. Associates *(cont'd)*

There is one (2021: nil) individual associate that is considered to be material to the Group as at December 31, 2022. Summarised financial information of the associates is presented as follows:

(S$ million)	SDIC New Energy Investment Co., Ltd 2022
Revenue	353
Profit for the year	123
Other comprehensive income	–
Total comprehensive income	**123**
Attributable to non-controlling interests	4
Attributable to investee's shareholders	119

(S$ million)	SDIC New Energy Investment Co., Ltd December 31, 2022
Non-current assets	1,971
Current assets	755
Non-current liabilities	(1,281)
Current liabilities	(504)
Net assets	**941**
Attributable to non-controlling interests	24
Attributable to investee's shareholders	917

(S$ million)	SDIC New Energy Investment Co., Ltd	Individually immaterial associates	Total
Group's interest in net assets of investees at January 1, 2022	–	516	516
Group's share of:			
Profit from continuing operations	38	39	77
Other comprehensive income	–	35	35
Total comprehensive income	38	74	112
Dividends received during the year	–	(11)	(11)
Translation during the year	(33)	(49)	(82)
Addition during the year, net of disposal	384	201	585
Carrying amount of interest in investees at December 31, 2022	389	731	1,120

The fair value of the equity interest of a listed associate amounted to S$88 million (2021: S$99 million) based on the last transacted market price on the last transaction day of the year.

On January 28, 2022, the Group acquired 35% interest in SDIC New Energy Investment Co., Ltd (SDIC) for total consideration of S$320 million. On June 17, 2022, the Group injected an additional S$64 million into SDIC.

On December 16, 2022, the Group acquired 45.3% interest in Hunan Xingling New Energy Co., Ltd for total consideration of S$205 million.

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 2022 %	2021 %
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
Conventional Energy				
Shanghai Cao Jing Co-generation Co. Ltd[3]	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[4]	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 PricewaterhouseCoopers Zhong Tian CPAs Limited Company
[4] Audited by Ernst & Young, Abu Dhabi

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G3. Associates and Joint Ventures *(cont'd)*

b. Joint Ventures *(cont'd)*

The Group has two (2021: 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 joint ventures is presented as follows:

(S$ million)	Vietnam Singapore Industrial Park JV Co., Ltd. 2022	2021	Guohua AES (Huanghua) Wind Power Co., Ltd. 2022	2021
Revenue	523	469	117	131
Profit for the year[1]	131	106	40	51
Other comprehensive income	(37)	26	–	–
Total comprehensive income	**94**	**132**	**40**	**51**
Attributable to non-controlling interests	10	14	–	–
Attributable to investee's shareholders	84	118	40	51

[1] Includes depreciation and amortisation of S$56 million (2021: S$51 million), finance income of S$15 million (2021: S$4 million), finance cost of S$25 million (2021: S$18 million) and income tax expense of S$42 million (2021: S$24 million).

(S$ million)	Vietnam Singapore Industrial Park JV Co., Ltd. December 31, 2022	December 31, 2021	Guohua AES (Huanghua) Wind Power Co., Ltd. December 31, 2022	December 31, 2021
Non-current assets	239	231	587	690
Current assets[1]	1,184	1,055	241	250
Non-current liabilities[2]	(261)	(267)	(267)	(278)
Current liabilities[3]	(351)	(306)	(119)	(170)
Net assets	**811**	**713**	**442**	**492**
Attributable to non-controlling interests	117	102	–	–
Attributable to investee's shareholders	694	611	442	492

[1] Includes cash and cash equivalents of S$485 million (2021: S$314 million)

[2] Includes non-current financial liabilities (excluding trade and other payables and provisions) of S$440 million (2021: S$458 million)

[3] Includes current financial liabilities (excluding trade and other payables and provisions) of S$211 million (2021: S$242 million)

(S$ million)	Vietnam Singapore Industrial Park JV Co., Ltd.	Guohua AES (Huanghua) Wind Power Co., Ltd.	Individually immaterial joint ventures	Total
Group's interest in net assets of investees at January 1, 2022	311	237	536	1,084
Group's share of:				
Profit from continuing operations	62	20	89	171
Other comprehensive income	–	–	29	29
Total comprehensive income	62	20	118	200
Dividends received during the year	–	(22)	(60)	(82)
Translation during the year	(19)	(22)	(33)	(74)
Addition during the year, net of disposal and impairment	–	–	39	39
Carrying amount of interest in investees at December 31, 2022	**354**	**213**	**600**	**1,167**
Group's interest in net assets of investees at January 1, 2021	251	201	707	1,159
Group's share of:				
Profit from continuing operations	48	24	77	149
Other comprehensive income	–	–	14	14
Total comprehensive income	48	24	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 December 31, 2021	**311**	**237**	**536**	**1,084**

i. The Group's share of the capital commitments of the joint ventures at the balance sheet date amounted to S$83 million (2021: S$73 million).

ii. The Group's interest in joint ventures with a total carrying amount of S$124 million (2021: S$96 million) as at balance sheet date has been pledged to banks to secure credit facilities granted to the joint venture entities.

iii. The impairment in 2022 pertained to an investment in UK. The amount mainly related to project expenses incurred by the company.

In 2021, the Group 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.

Post impairment, the Group no longer equity accounts the results of CSZ as the Group's cumulative share of losses exceeds its interests in CSZ. As at December 31, 2022, the Group's share of the unrecognised losses of CSZ was S$22 million (2021:S$25 million).

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Related Party Information

a. Amounts Due from Related Parties

(S$ million)	Note	Associates December 31, 2022	Associates December 31, 2021	Joint ventures December 31, 2022	Joint ventures December 31, 2021	Related companies December 31, 2022	Related companies December 31, 2021	Total December 31, 2022	Total December 31, 2021
Group									
Trade		7	5	1	5	60	19	68	29
Non-trade		4	3	14	12	3	*	21	15
Loans		*	*	1	1	–	–	1	1
	E1	11	8	16	18	63	19	90	45
Loss allowance		(1)	(1)	(10)	(12)	(1)	–	(12)	(13)
		10	7	6	6	62	19	78	32
Amount due within 1 year		(10)	(7)	(3)	(6)	(62)	(19)	(75)	(32)
Amount due more than 1 year		–	–	3	*	–	–	3	*

The non-trade amounts due from related parties are unsecured, repayable on demand and interest-free.

In 2022 and 2021, loss allowance mainly pertained to a dividend receivable from a joint venture which was impaired (see G3(b)(iii)).

(S$ million)	Note	Subsidiaries December 31, 2022	Subsidiaries December 31, 2021
Company			
Current:			
– Trade		40	35
– Non-trade		–	*
	E1	40	35

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, 2022	Holding company December 31, 2021	Associates December 31, 2022	Associates December 31, 2021	Joint ventures December 31, 2022	Joint ventures December 31, 2021	Related companies December 31, 2022	Related companies December 31, 2021	Total December 31, 2022	Total December 31, 2021
Group											
Current:											
– Trade		*	*	*	*	*	*	6	*	6	*
– Non-trade		–	–	*	*	45	*	6	4	51	4
	E3	*	*	*	*	45	*	12	4	57	4

The non-trade amounts due to related parties are unsecured, repayable on demand and interest-free.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Related Party Information *(cont'd)*

b. Amounts Due to Related Parties *(cont'd)*

(S$ million)	Note	Subsidiaries December 31, 2022	Subsidiaries December 31, 2021
Company			
Current:			
– Trade		*	*
– Non-trade		6	2
	E3	6	2
Non-current:			
– Loans	E3	1,358	1,445
		1,364	1,447

The non-trade amounts due to related parties are unsecured, repayable on demand and interest-free.

The loans from a related party of S$1,358 million (2021: S$1,445 million) bear interest rates ranging from 1.36% to 5.81% (2021: 1.36% 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 December 31, 2022	Outstanding balances December 31, 2021	Transactions 2022	Transactions 2021
Related Corporations				
Sales	60	19	357	177
Purchases including rental	6	*	392	428
Finance income	3	–	5	1
Finance expense	6	4	20	8
Associates and Joint Ventures				
Sales	8	10	42	32
Finance income	1	–	5	–
Payment on behalf	–	–	4	4
Loans due from	1	1	–	–

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.

As of December 31, 2022, 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 (2021: eight) key management personnel is included in the table below:

(S$ million)	Group 2022	Group 2021
Directors		
Directors' fees paid / payable	2	2
Key Management Personnel		
Salary, bonus and other benefits	22	8
Share-based compensation expenses	23	4

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 payouts made from the bonus bank.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G5. Acquisition of Subsidiaries

Acquisition of Significant Subsidiaries

On June 1, 2022, the Group acquired a 98% equity stake in Shenzhen Huiyang New Energy Group (HYNE), which consists of a portfolio of operational wind and solar photovoltaic assets. The acquisition will enable the Group to scale its renewables capacity towards meeting its targets by 2025, as part of the brown to green transformation.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(S$ million)	Note	2022
Purchase consideration		
Cash paid		445
Deferred consideration	i	78
Contingent consideration	ii	157
Consideration transferred for the business		680
Effect on cash flows of the Group		
Cash paid		445
Less: Cash and cash equivalents in subsidiaries acquired		(95)
Cash outflow on acquisition		350
		At fair value
Identifiable assets acquired and liabilities assumed[1]		
Property, plant and equipment	D1	918
Right-of-use Assets	D1	14
Intangible assets	D3	415
Deferred tax assets		*
Trade and other receivables	iv	434
Cash and cash equivalents		95
Total assets		1,876
Trade and other payables		168
Borrowings		881
Lease liabilities		11
Current tax payable		3
Deferred tax liabilities		104
Total liabilities		1,167
Total net identifiable assets		709
Less: Non-controlling interest measured on proportionate basis		(62)
Add: Goodwill acquired	D3	33
Consideration transferred for the businesses		680

[1] The above fair values of identifiable assets acquired, and liabilities assumed have been determined on provisional basis as of December 31, 2022.

i. The deferred consideration is payable at the earlier of obtaining the necessary subsidy financing for certain assets or two years from the acquisition date and was presented within trade and other payables in the balance sheet as at December 31, 2022.

ii. The contingent consideration arrangement was for payment of a defined quantum upon obtaining the necessary operating permits, securing subsidy financing and admission into the National Subsidy Catalog for certain projects within an agreed period.

In determining the fair value of the contingent consideration, the Group has applied judgement in evaluating the probability and timing of fulfilment, taking into consideration past experiences and changes to market, economic or legal environment in China.

The contingent consideration was presented within trade and other payables in the balance sheet as at December 31, 2022.

iii. Measurement of fair values
The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique	Key assumptions
Property, plant and equipment	Depreciated replacement cost method	Accounting useful life approximates the economic useful life of the property, plant and equipment
Intangible assets	Multi-period excess earnings method	Cash flows attributed to the power generation permits from June 1, 2022, to the end of the useful life of the respective generation plants of each project
		Remaining permits tenure of 23 to 25 years
		Discount rate of 8.2%

The assets acquired and liabilities assumed are determined on provisional basis, and are subject to the outcome of a nationwide audit on the subsidy mentioned in (iv).

iv. Included in trade and other receivables are receivables which pertained mainly to the renewable energy subsidy tariff due from the Chinese authorities.

v. The goodwill recognised is not expected to be deductible for tax purposes.

vi. Acquisition-related costs amounting to S$2 million have been excluded from the consideration transferred and have been recognised within general & administrative expenses in profit or loss.

vii. HYNE contributed turnover of S$86 million and profit of S$18 million to the Group's results for the period from June 1, 2022 to December 31, 2022.

If the acquisition had occurred on January 1, 2022, management estimated that the consolidated turnover and profit for the full year ended December 31, 2022, would have increased from S$7,825 million to S$7,904 million and from S$871 million to S$900 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, 2022.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G6. Discontinued Operation and Disposal Group 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. The assets are not depreciated or amortised while they are classified as held for sale.

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).

On September 5, 2022, the Group publicly announced the decision of its Board of Directors to sell Sembcorp Energy India Limited (SEIL), a wholly-owned subsidiary. On November 8, 2022, the shareholders of the Company approved the sale. The sale of SEIL was completed on January 19, 2023. The final consideration is settled by way of a Deferred Payment Note (DPN) which bears interest at a rate per annum equal to 1.8% plus a benchmark rate equal to the Indian government 10-year bond yield, less a greenhouse gas emissions intensity reduction incentive rate. The DPN will be classified as a financial asset and measured at fair value with changes in fair value recognised in profit or loss.

In determining the fair value of the DPN, it is assumed that the purchaser settles the DPN from agreed portions (as set out in the sales and purchase agreement) of distribution including dividends declared by SEIL. Management performed a forecast of distributable dividends available from discounted cash flows of SEIL, taking into consideration cash flows from various power purchase agreements secured with an average remaining duration of 15 years and cash flows from contract renewals and spot markets. A discount rate is applied to the DPN to reflect the cash flow risks associated with the forecasted distributed dividends from SEIL and credit default risk of the purchaser. The DPN will be re-measured at future reporting periods. Subsequent fair value changes, arising from change in the assumptions initially applied, will be taken to profit or loss.

As at December 31, 2022, SEIL was classified as a disposal group held for sale and as a discontinued operation.

i. Result of the discontinued operation

(S$ million)	Group 2022	Group 2021
Turnover	1,570	1,387
EBITDA	379	403
Depreciation and amortisation	(89)	(133)
Other non-cash (expenses) / income	(1)	1
Finance income	17	5
Finance cost	(134)	(128)
Profit before tax	172	148
Tax (expense) / credit	(28)	1
Profit from discontinued operation, net of tax	**144**	**149**
Basic earnings per share – cents	8.08	8.35
Diluted earnings per share – cents[1]	7.91	8.25

[1] Earnings per share is computed using a weighted average number of shares and an adjusted weighted number of shares disclosed in Note B5(b).

ii. Cash flows of the discontinued operation

(S$ million)	Group 2022	Group 2021
Net cash from operating activities	256	362
Net cash from investing activities	42	915
Net cash used in financing activities	(299)	(1,292)
Net decrease in cash and cash equivalents	(1)	(15)

iii. Assets and liabilities of disposal group classified as held for sales

The consideration, initially measured from the fair value of DPN, exceeds the carrying amount of the related net assets and accordingly no impairment loss has been recognised on classification of this disposal group as held for sale.

The assets and liabilities of the disposal group were classified as held for sale when the sale of SEIL was approved by the Company's shareholders on November 8, 2022. As at December 31, 2022, the assets and liabilities held for sale comprised the following major classes and were translated at year-end exchange rate. The difference in amount between these two periods included currency translation.

(S$ million)	Carrying amount at December 31, 2022
Assets held for sale	
Property, plant and equipment	2,406
Other financial assets	58
Trade and other receivables	719
Intangible assets	76
Inventories	137
Cash and cash equivalents	36
	3,432
Liabilities held for sale	
Trade and other payables	270
Lease liabilities	*
Provisions	2
Deferred tax liabilities	50
Borrowings[1]	1,172
	1,494
Excess of assets over liabilities held for sale	**1,938**

[1] The borrowings include secured loan of S$99 million. As at December 31, 2022, net assets and equity shares, property, plant and equipment, and other assets with aggregate book value of S$3,306 million collaterised to the previous secured lenders are in the process of being fully discharged.

As at December 31, 2022, the Group has given S$1,263 million of corporate guarantees for the total aggregate principal amount of SEIL's facilities. These corporate guarantees will continue to be in force post-completion of the disposal.

iv. Cumulative (loss) / gain of disposal group recognised in OCI

Cumulative (loss) / gain recognised in other comprehensive income relating to the disposal group classified as held for sale were as follows:

(S$ million)	2022
Foreign currency translation reserve	(418)
Capital reserve and other reserves	290
	(128)

Notes to the 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 the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in the 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.

		Assets		Liabilities	
(S$ million)	Note	Current	Non-current	Current	Non-current
2022					
At FVOCI:					
– Equity shares		–	53	–	–
At FVTPL:					
– Cross currency swaps		1	3	–	16
– Interest rate swaps		–	*	–	2
– Forward foreign exchange contracts		*	–	–	–
– Foreign exchange swap contracts		–	–	8	–
– Mutual funds	i	37	32	–	–
– Other derivatives		2	–	1	*
		40	35	9	18
Hedge of net investment in foreign operations:					
– Forward foreign exchange contracts		23	–	11	1
Cash flow hedges:					
– Forward foreign exchange contracts		1	–	4	1
– Fuel oil swaps		24	*	75	3
– Interest rate swaps		–	73	–	–
– Cross currency swaps		–	4	–	*
– Electricity futures		1	–	–	–
		26	77	79	4
At amortised cost:					
– Long-term fixed deposits		–	17	–	–
– Equity shares		–	1	–	–
		–	18	–	–
Total		89	183	99	23

i. Included in mutual funds are amounts of S$35 million (2021: S$83 million) pledged to secure loan facilities.

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

i. Included in mutual funds are amounts of S$35 million (2021: S$83 million) pledged to secure loan facilities.

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 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.

Notes to the Financial Statements

H. Other Disclosures *(cont'd)*

H2. Provisions *(cont'd)*

Movements in provisions are as follows:

(S$ million)	Note	Claims (i)	Restoration costs (ii)	Remediation of legacy sites (iii)	Others (iv)	Total
Group						
2022						
Balance at January 1		8	43	32	21	104
Translation adjustments		*	(1)	(3)	(1)	(5)
Provisions made during the year		*	34	3	4	41
Provisions reversed during the year		(5)	(6)	(6)	(4)	(21)
Provisions utilised during the year		(1)	(3)	(6)	(5)	(15)
Transferred to liabilities held for sale	G6	–	–	–	(2)	(2)
Unwind of accretion on restoration costs	C6	–	2	–	–	2
Balance at December 31		2	69	20	13	104
Provisions due:						
– within 1 year		2	23	13	4	42
– after 1 year but within 5 years		–	2	7	9	18
– after 5 years		–	44	–	–	44
		2	69	20	13	104
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

(S$ million)	Claims (i)	Restoration costs (ii)	Others (iv)	Total
Company				
2022				
Balance at January 1	4	26	1	31
Provisions made during the year	–	22	–	22
Provisions reversed during the year	(4)	(6)	(1)	(11)
Provisions utilised during the year	–	(1)	–	(1)
Balance at December 31	*	41	–	41
Provisions due:				
– within 1 year	*	17	–	17
– after 5 years	–	24	–	24
	*	41	–	41
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

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 the 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 the Company relates to incremental costs necessary to fulfil the obligation under the contract on early termination to cease the incineration plant business.

Notes to the Financial Statements

H. Other Disclosures *(cont'd)*

H3. Subsequent Events

On January 11, 2023, the Group announced the completion of an acquisition of a 100% interest in a subsidiary company, Vector Green Energy Private Limited. The equity consideration was INR27.6 billion (approximately S$449.9 million). The acquisition is expected to be earning accretive for the financial year ending December 31, 2023.

On January 19, 2023, the Group announced the completion of the sale of the entire shareholding in its subsidiary, Sembcorp Energy India Limited for INR125.5 billion (approximately S$2.0 billion). The gain before realisation of reserves is S$47 million. In addition, a currency translation loss recognised in the foreign currency translation reserve and a gain in the capital reserve will be taken to profit or loss in 2023. As at December 31, 2022, the accumulated currency translation loss was S$418 million and the capital reserve was S$290 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, 2023:

Applicable to 2023 financial statements

Amendments to:

- *SFRS(I) 1-1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*
- *SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)*
- *SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)*
- *SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- *SFRS(I) 17 Insurance Contracts*

Mandatory effective date deferred

- *Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures (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.

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 FY2022, the 5% Group's consolidated NTA as at December 31, 2021 was S$168 million.

Chapter 9 however permits the Company to obtain a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations. At the Annual General Meeting held on April 2022, 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) 2022
Sale of Goods and Services		
Mapletree Investments Pte Ltd and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	5.4
PSA International Pte Ltd and its Associates		459.3
Olam International Ltd and its Associates		41.6
SATS Ltd and its Associates		0.1
Sembcorp Marine Ltd and its Associates		45.0
CapitaLand Investment Limited and its Associates		4.7
Singapore Technologies Telemedia Pte Ltd and its Associates		368.5
Singapore Airlines Limited and its Associates		1.5
Singapore Power Limited and its Associates		2.3
Temasek Holdings (Private) Limited and its Associates		0.3
		928.7
Purchase of Goods and Services		
Mapletree Investments Pte Ltd and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	2.0
Singapore Power Limited and its Associates		6.6
Singapore Telecommunications Ltd and its Associates		0.3
Singapore Technologies Engineering Ltd and its Associates		3.8
Surbana-Jurong Private Limited and its Associates		3.8
Starhub Ltd and its Associates		0.2
Pavilion Energy Pte. Ltd. and its Associates		9.4
		26.1
		954.8

Notes to the Financial Statements

I. Supplementary Information *(cont'd)*

I2. List of Properties

Urban

Description	Type	Land tenure	Gross floor 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	Office & business park	Leasehold 50 years from 2012	74,073	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	506,225	45.4%	Completed development
5. Wuxi-Singapore Industrial Park	Built-to-specs factories	Leasehold 50 years from 2011	118,202	45.4%	Completed development
6. Wuxi-Singapore Industrial Park	Dormitory	Leasehold 50 years from 1996	12,799	45.4%	Completed development
7. Wuxi-Singapore Industrial Park	Office & amenities	Leasehold 50 years from 1996	10,491	45.4%	Completed development
8. Wuxi-Singapore Industrial Park	Office	Leasehold 50 years from 1999	4,423	45.4%	Completed development
9. Wuxi-Life Science Park	Ready-built factories	Leasehold 50 years from 2022	78,000	45.4%	Under development
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	7,690	21.5%	Completed development
3. Modena by Fraser, Wuxi New District	Service apartment	Leasehold 40 years from 2008	11,056	45.4%	Completed development
4. Chengdu Innovation & Technology Centre	Office & retail	Leasehold 40 years from 2022	65,930	50.0%	Under 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. Sembcorp Logistics Park Quang Ngai	Warehouses	Leasehold 60 years from 2022	36,762	52.5%	Under development
2. Sembcorp Logistics Park Nghe An	Warehouses	Leasehold 43 years from 2022	40,496	52.5%	Under development

[1] Gross floor area excludes carpark and basement area

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest	Status
Vietnam *(cont'd)*					
Industrial & Business Properties (cont'd)					
3. VSIP Binh Duong I	Ready-built factories	Leasehold 50 years from 1996	57,813	49.3%	Completed development
4. VSIP Binh Duong II	Ready-built factories	Leasehold 50 years from 2005	25,016	49.3%	Completed development
5. VSIP Binh Duong II-A	Ready-built factories	Leasehold 50 years from 2008	84,574	49.3%	Completed development
6. VSIP Nghe An	Ready-built factories	Leasehold 50 years from 2015	8,810	49.3%	Completed development
7. VSIP Hai Phong	Ready-built factories	Leasehold 50 years from 2008	30,051	46.5%	Completed development
8. VSIP Bac Ninh	Ready-built factories	Leasehold 50 years from 2007	37,826	46.5%	Completed development
9. VSIP Bac Ninh Flatted Factory	Flatted factory	Leasehold 50 years from 2007	16,136	46.5%	Completed development
10. Sembcorp Logistics Park Hai Phong Phase I	Warehouses	Leasehold 44 years from 2014	15,000	52.5%	Completed development
11. Sembcorp Logistics Park Hai Phong Phase II	Warehouses	Leasehold 43 years from 2016	14,279	52.5%	Completed development
12. Sembcorp Logistics Park Hai Phong Phase III	Warehouses	Leasehold 40 years from 2018	13,200	52.5%	Completed development
13. Sembcorp Logistics Park Hai Duong	Warehouses	Leasehold 38 years from 2020	13,176	52.5%	Completed development
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	233	46.5%	Completed development
4. Hai Phong Gateway	Retail	Leasehold 50 years from 2008	598	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	1,677	49.3%	Completed development
7. Sun Casa Central I, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	9,254	49.3%	Completed development
8. Sun Casa Central II, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	60,854	49.3%	Under development
9. The Habitat Binh Duong Phase II	Residential & retail	Leasehold 45 years from 2018	493	51.6%	Completed development
10. The Habitat Binh Duong Phase III	Residential & retail	Leasehold 44 years from 2019	60,583	51.6%	Under development

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%

Additional Information on Directors Seeking Re-election

Name of Director	Yap Chee Keong	Nagi Hamiyeh
Date of appointment	October 1, 2016	March 3, 2020
Date of last reappointment	May 21, 2020	May 21, 2020
Age	62	54
Country of principal residence	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
Whether appointment is executive, and if so, the area of responsibility	No	No
Job Title (e.g., Lead ID, AC Chairman, AC Member etc.)	Non-executive & Independent Director Chairman • Audit Committee Member • Risk Committee	Non-executive & Non-independent Director Member • Executive Committee
Professional qualifications	Bachelor of Accountancy, National University of Singapore Fellow of: • Institute of Singapore Chartered Accountants • CPA Australia	Master of Science in Civil and Environmental Engineering, Massachusetts Institute of Technology Bachelor of Science in Civil Engineering, University of Texas
Working experience and occupation(s) during the past 10 years	The Straits Trading Company • Executive Director	Temasek's Head of Portfolio Development Temasek International • Senior Managing Director
Shareholding interest in the listed issuer and its subsidiaries	Sembcorp Industries: 116,800 ordinary shares* * All shares are held in the name of DBS Nominees Pte Ltd	Sembcorp Industries: 29,600 ordinary shares
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
Conflict of interest (including any competing business)	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

Other Principal Commitments Including Directorships

Past (for the last 5 years)	• Bayberry • Certis CISCO Security • Citibank Singapore • Malaysian Smelting Corporation • Maxeon Solar Technologies • Olam International • The Straits Trading Company		• Capitaland Group • CLA Real Estate Holdings • Lebanese International Finance Executives • Olam International • Sheares Healthcare Group • Sigma Healthcare Management • Startree Investments • Tana Africa Capital • Tana Africa Investment Managers	
Present	Listed companies • Olam Group • Sembcorp Industries • Sembcorp Marine • Shangri-La Asia	Non-listed companies • Ensign Infosecurity • Mediacorp • Pacific International Lines Group • Singapore Life Holdings *(formerly known as Aviva Singlife Holdings)* Group • The Assembly of Christians of Singapore	Listed companies • Olam Group • Sembcorp Industries • Sembcorp Marine	Non-listed companies • Dream International • Kyanite Investment Holdings • Kyanite Investment Holdings (I) • OFI Group • Olam Agri Holdings

Information required pursuant to Listing Rule 704(7)

Confirmation under items (a) to (k) in Appendix 7.4.1 of the SGX-ST Listing Manual	Confirmed that all responses to be "No"	Confirmed that all responses to be "No"

Shareholding Statistics

As at March 1, 2023

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:	2,545,948 (0.14%)
Number of shareholders:	35,887
Class of shares:	Ordinary shares with equal voting rights[1]

Shareholdings Held by the Public

Based on information available to the company as of March 1, 2023, 50.39%[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	49.38

Top 20 Shareholders

No.	Name	No. of Ordinary Shares Held	%[2]
1	Temasek Holdings (Private) Limited	871,200,328	48.81
2	Citibank Nominees Singapore Pte Ltd	205,308,550	11.50
3	DBSN Services Pte Ltd	97,112,704	5.44
4	Raffles Nominees (Pte) Limited	86,441,932	4.84
5	DBS Nominees (Private) Limited	79,921,895	4.48
6	HSBC (Singapore) Nominees Pte Ltd	42,181,196	2.36
7	United Overseas Bank Nominees Private Limited	19,273,627	1.08
8	BPSS Nominees Singapore (Pte.) Ltd.	17,474,784	0.98
9	OCBC Nominees Singapore Private Limited	10,114,620	0.57
10	Startree Investments Pte Ltd	9,400,000	0.53
11	Morgan Stanley Asia (Singapore) Securities Pte Ltd	7,215,320	0.40
12	OCBC Securities Private Ltd	5,899,189	0.33
13	Tang Kin Fei	4,746,612	0.27
14	Phillip Securities Pte Ltd	4,410,654	0.25
15	Heng Siew Eng	4,357,000	0.24
16	CGS-CIMB Securities (Singapore) Pte Ltd	3,842,217	0.21
17	UOB Kay Hian Private Limited	3,372,397	0.19
18	Vipul Tuli	3,173,081	0.18
19	Wong Kim Yin	2,829,688	0.16
20	IFAST Financial Pte Ltd	2,742,757	0.15
		1,481,018,551	82.97

[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 of March 1, 2023 excluding 2,545,948 ordinary shares held as treasury shares as per The Central Depository (Pte) Limited's records as at that date. The 2,545,948 treasury shares excluded 808,700 ordinary shares purchased by the company and 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	%[2]	No. of Ordinary Shares Held (Excluding Treasury Shares)	%[2]
1 – 99	762	2.12	31,972	0.00
100 – 1,000	6,350	17.70	5,037,826	0.28
1,001 – 10,000	23,654	65.91	95,532,212	5.35
10,001 – 1,000,000	5,088	14.18	184,267,788	10.33
1,000,001 and above	33	0.09	1,500,131,986	84.04
	35,887	100.00	1,785,001,784	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

Tow Heng Tan
Deputy Chairman

Tham Kui Seng
Ajaib Haridass
Yap Chee Keong
Dr Josephine Kwa Lay Keng
Nagi Hamiyeh
Lim Ming Yan

Wong Kim Yin
Group President & CEO

Executive Committee
Ang Kong Hua
Chairman

Tow Heng Tan
Tham Kui Seng
Nagi Hamiyeh
Wong Kim Yin

Audit Committee
Yap Chee Keong
Chairman

Ajaib Haridass
Dr Josephine Kwa Lay Keng
(Appointed on April 21, 2022)

Risk Committee
Ajaib Haridass
Chairman

Yap Chee Keong
Lim Ming Yan
Dr Josephine Kwa Lay Keng
(Appointed on April 21, 2022)

Executive Resource & Compensation Committee
Ang Kong Hua
Chairman

Tow Heng Tan
(Appointed on April 21, 2022)
Tham Kui Seng
Lim Ming Yan

Nominating Committee
Ang Kong Hua
Chairman

Tow Heng Tan
(Appointed on April 21, 2022)
Lim Ming Yan
(Appointed on April 21, 2022)

Technology Advisory Panel
Ang Kong Hua
Chairman

Dr Josephine Kwa Lay Keng
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
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961

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

CAGR	compound annual growth rate
CDP	formerly known as Carbon Disclosure Project
EBITDA	earnings before interest, tax, depreciation and amortisation EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs
GW	gigawatt unit of measurement for capacity of electricity generation (in billion watts)
GWh	gigawatt-hour unit of measurement for electricity generated or consumed over a period of time (in billion watt-hours). In battery energy storage systems, GWh is used to describe capacity of the battery system to store and deliver energy over a specified period of time
GWp	gigawatt-peak unit of measurement for maximum capacity of direct current electricity generation (in billion watts), often used in reference to solar photovoltaic (PV) assets
m^3	cubic metres
m^3/day	cubic metres per day
MW	megawatt unit of measurement for capacity of electricity generation (in million watts)
MWh	megawatt-hour unit of measurement for electricity generated and consumed over a period of time (in million watt-hours). In battery energy storage systems, MWh is used to describe capacity of the battery system to store and deliver energy over a specified period of time
MWp	megawatt-peak unit of measurement for maximum capacity of direct current electricity generation (in million watts), often used in reference to solar PV assets
O&M	operations and maintenance
pre-FEED	preliminary front-end engineering and design initial step of a project's engineering and design process involving preliminary planning, analysis and development of a project's scope, goals and requirements
PLF	plant load factor
PV	photovoltaic
tCO_2e	tonnes of carbon dioxide equivalent unit measurement of absolute greenhouse gas (GHG) emissions
tCO_2e/MWh	tonnes of carbon dioxide equivalent per megawatt-hour unit measurement of GHG emissions intensity

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