

## Sustainability Report


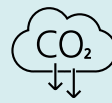

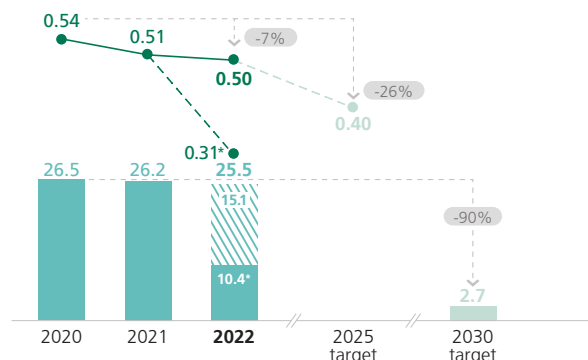
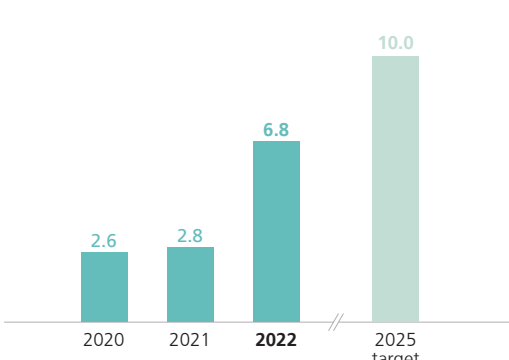

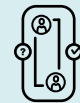

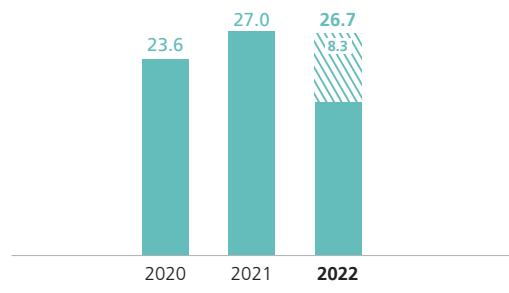
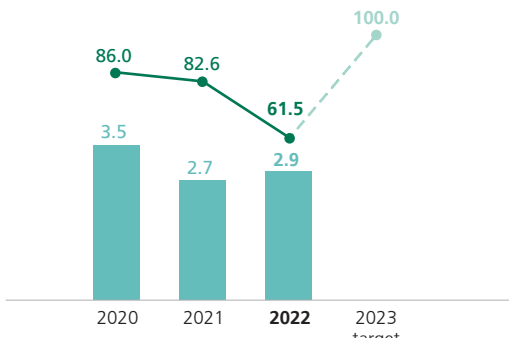



Our Sustainability Framework	20	Our Environmental, Social and Governance Priorities	
Our Approach to Sustainability	21	• Climate Action	22
• Reporting Framework		– Decarbonisation	
• Materiality		– Resource Management	
• Reporting Scope		• Empowering Lives	24
• Assurance		– Workforce Transformation	
• Supporting the Sustainable Development Goals		– Community Engagement and Investment	
• Sustainability Governance		• Resilient Business	25
• Sustainability-linked Performance Incentives		– Health and Safety	
• Memberships and Associations		– Risk Governance	
		Supplemental Information	
		• Climate-related Financial Disclosures	26
		• Performance Indicators	29
		• GRI Content Index	31
		• Assurance Statement	33

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
 <h2 style="margin-top: 10px;">Climate Action</h2>	<p>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.</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"><b>Decarbonisation</b></div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"><b>Resource Management</b></div> </div> </div>	<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p><b>Absolute GHG Emissions (Scope 1 and 2) (million tCO<sub>2</sub>e) and Emissions Intensity (tCO<sub>2</sub>e/MWh)</b></p>  <p>■ Absolute GHG emissions (Scope 1 and 2) ● GHG emissions intensity ▨ GHG emissions attributable to Sembcorp Energy India Limited (SEIL)</p> <p>Note: Figures marked with an asterisk illustrate our absolute GHG emissions and emissions intensity excluding emissions attributable to SEIL</p> </div> <div style="width: 48%;"> <p><b>Gross Installed Renewable Energy Capacity* (GW)</b></p>  <p>* Figures exclude acquisitions pending completion and projects under development</p> </div> </div>
 <h2 style="margin-top: 10px;">Empowering Lives</h2>	<p>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.</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"><b>Workforce Transformation</b></div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"><b>Community Engagement and Investment</b></div> </div> </div>	<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p><b>Average Learning Hours (hours per employee)</b></p>  <p>■ Average learning hours per employee ▨ Average sustainability skill learning hours per employee</p> </div> <div style="width: 48%;"> <p><b>Community Investments (\$ million and %)</b></p>  <p>■ Total community contributions ● Percentage of operations with local community engagement and / or development programmes</p> </div> </div>
 <h2 style="margin-top: 10px;">Resilient Business</h2>	<p>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.</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"><b>Health and Safety</b></div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"><b>Risk Governance</b></div> </div> </div>	<div style="display: flex; justify-content: space-around; text-align: center;"> <div style="width: 30%;"> <p><b>Work-related Fatalities</b></p> <div style="background-color: #4db6ac; color: white; padding: 10px; margin: 5px;"> <p><b>0</b></p> <p>2022</p> </div> <div style="background-color: #c8e6c9; padding: 10px; margin: 5px;"> <p><b>0</b></p> <p>Ongoing Target</p> </div> </div> <div style="width: 30%;"> <p><b>Integrated Assurance Framework Implementation Across Key Markets<sup>1</sup></b></p> <div style="background-color: #4db6ac; color: white; padding: 10px; margin: 5px;"> <p><b>100%</b></p> <p>2022</p> </div> <div style="background-color: #c8e6c9; padding: 10px; margin: 5px;"> <p><b>100%</b></p> <p>Ongoing Target</p> </div> </div> <div style="width: 30%;"> <p><b>Employee Completion of Anti-bribery and Corruption Training<sup>2</sup></b></p> <div style="background-color: #4db6ac; color: white; padding: 10px; margin: 5px;"> <p><b>100%</b></p> <p>2022</p> </div> <div style="background-color: #c8e6c9; padding: 10px; margin: 5px;"> <p><b>100%</b></p> <p>Ongoing Target</p> </div> </div> </div>

<sup>1</sup> Coverage follows the reporting scope of this Sustainability Report  
<sup>2</sup> 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.

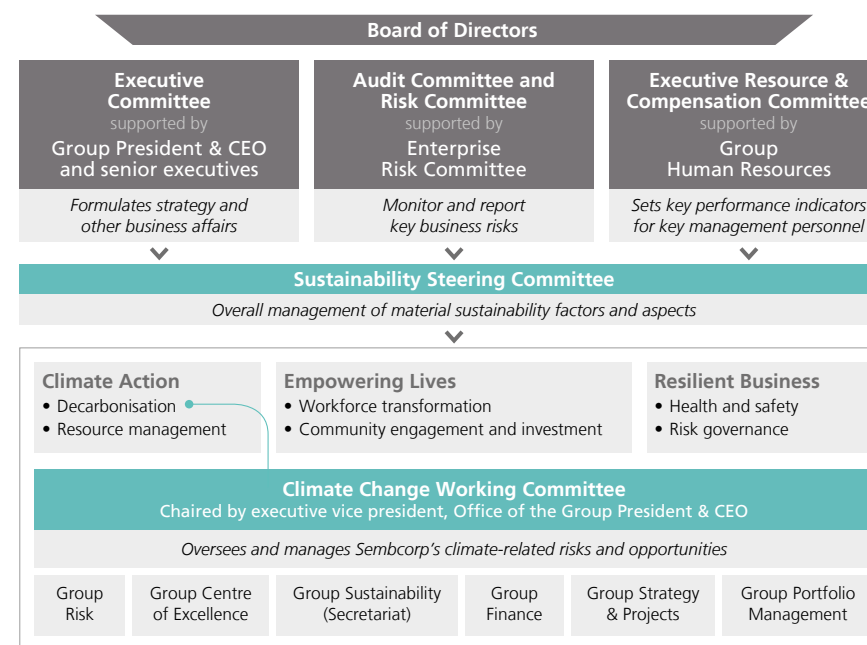
In line with our strategic focus as a provider of sustainable solutions, we have adopted SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action) as our priority SDGs. Our brown to green strategic transformation targets support these SDGs. We recognise that the SDGs are a holistic framework for 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](mailto: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<sup>1</sup>. 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.

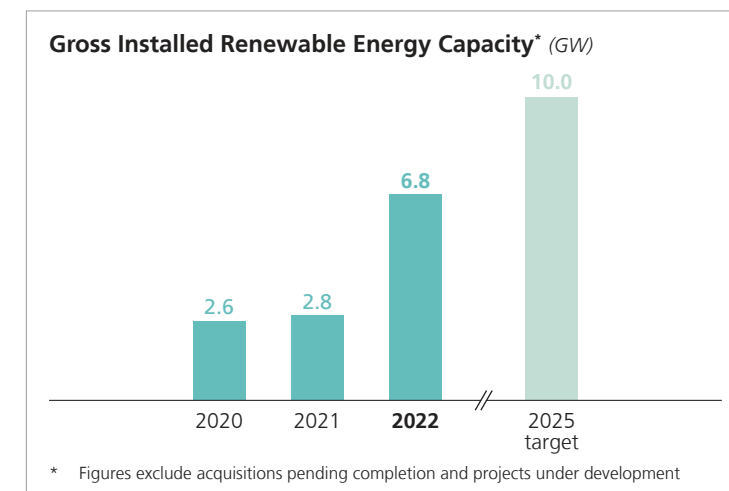
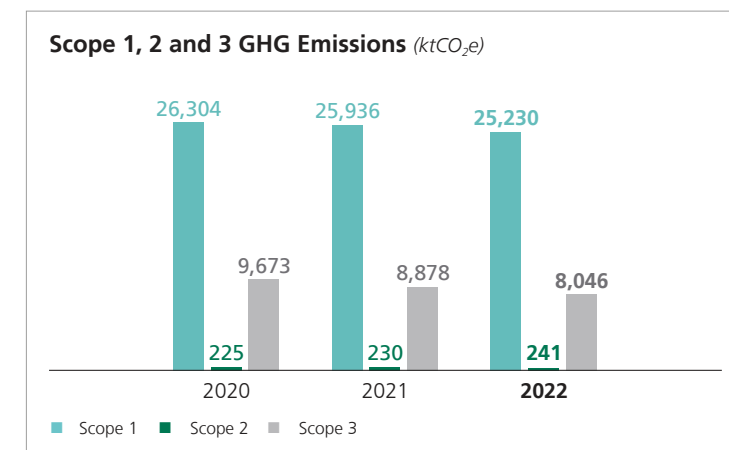
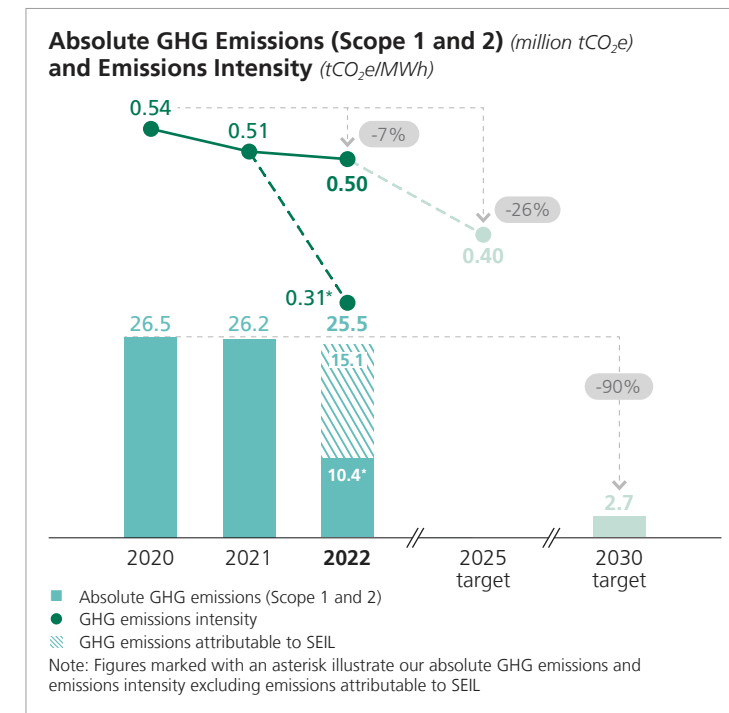
- Our frameworks and policies**
- Climate Action Plan
  - Group Health, Safety, Security and Environment (HSSE) Policy
  - Group Environmental Policy
  - Group Internal Carbon Pricing Framework

- 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<sub>2</sub>e/MWh) mainly due to an increase in renewable energy generation.
  - Absolute GHG emissions (Scope 1 and 2) reduced to 25.5 million tCO<sub>2</sub>e due to reduced energy generation from our conventional energy operations.
  - Scope 3 emissions decreased by 9.4% to 8.0 million tCO<sub>2</sub>e 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<sup>2</sup>, stands at 58% conventional energy and 42% renewables.



<sup>1</sup> World Energy Outlook 2022 report


<sup>2</sup> 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 <sup>1</sup> (tCO <sub>2</sub> e/MWh)	0.54	0.50	0.40
KPI 3: Gross installed renewable energy capacity <sup>2</sup> (GW)	2.6	6.8	10.0

<sup>1</sup> 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

<sup>2</sup> 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<sup>3</sup>
  - 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.

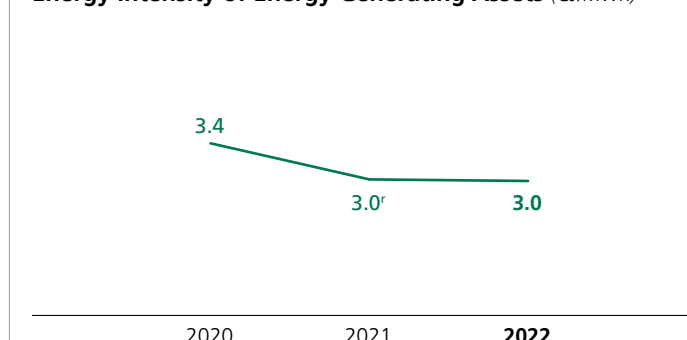
#### Our performance

The energy intensity<sup>4</sup> 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)



<sup>f</sup> 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

<sup>3</sup> 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

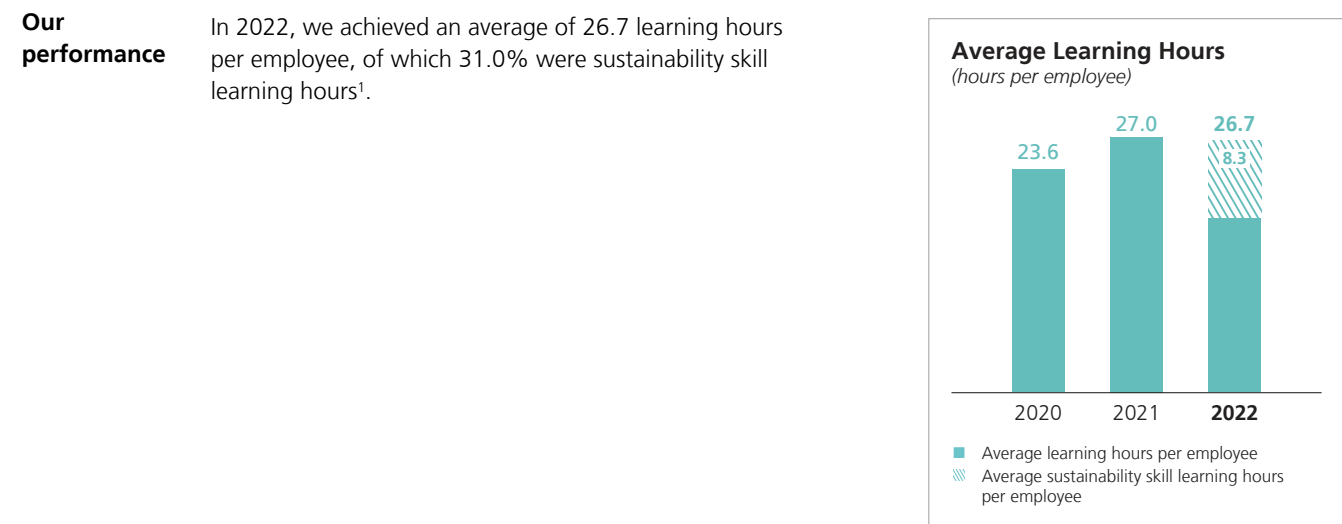
<sup>4</sup> For the computation of energy intensity, we take into account fuel, electricity and heating consumed by energy generating assets



# Our ESG Priorities: Empowering Lives

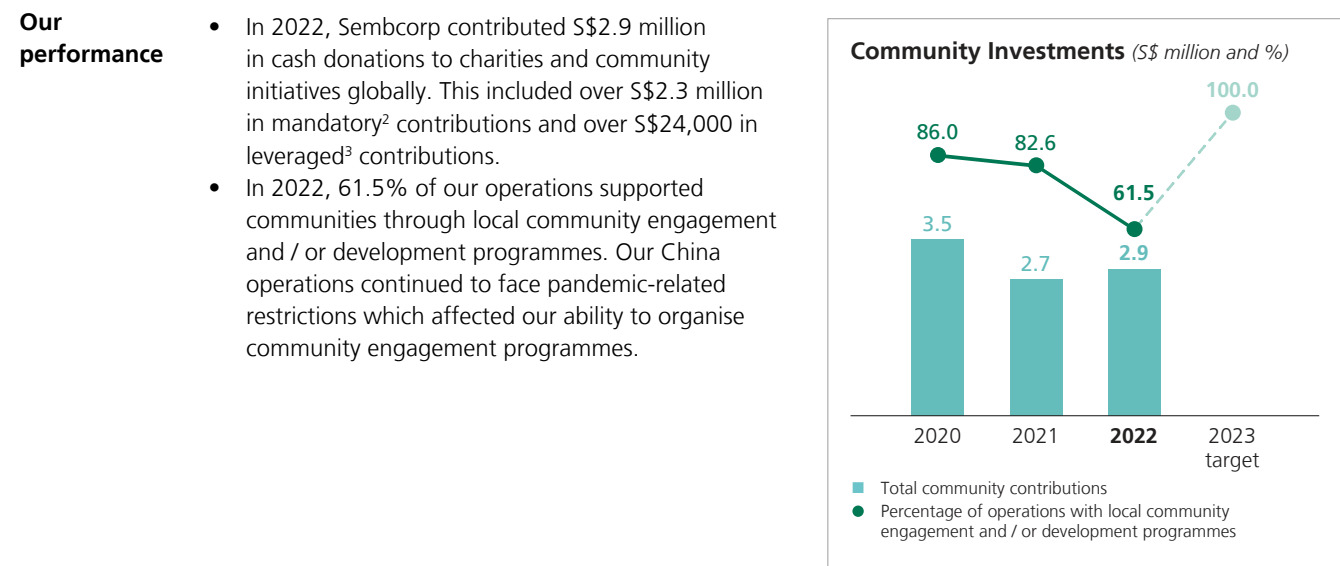
## Workforce Transformation GRI 3-3 | 404-1

<b>Why this is material</b>	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.	
<b>Our approach</b>	<p>Aligned with our business objectives, we have evolved our approach to learning and development, to greater focus on promoting sustainability<sup>1</sup> 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.</p> <p>Talent strategy and development as well as succession planning are supported by our:</p> <ul style="list-style-type: none"> <li>• Talent Management Framework (TMF)</li> <li>• Sembcorp Academy learning platform</li> <li>• Human resources talent and performance management system</li> </ul> <p>The TMF establishes our approach to assess employee capability and competency, identify and meet developmental needs, and ensure regular performance reviews, engagement and feedback.</p>	
<b>Our frameworks and policies</b>	<ul style="list-style-type: none"> <li>• Talent Management Framework</li> <li>• Learning and Development Policy</li> <li>• Diversity and Inclusion Policy</li> <li>• Whistleblowing Policy</li> <li>• Employee Grievance and Disciplinary Action Policy</li> <li>• Human Rights Policy</li> <li>• Code of Conduct</li> </ul>	<b>Reference frameworks</b> <ul style="list-style-type: none"> <li>• UN Guiding Principles on Business and Human Rights</li> <li>• UN Universal Declaration of Human Rights</li> <li>• Employers' Pledge of Fair Employment Practices under Singapore's Tripartite Alliance for Fair and Progressive Employment Practices</li> </ul>
<b>Our governance</b>	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.	



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

<b>Why this is material</b>	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.	
<b>Our approach</b>	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.	
<b>Our frameworks and policies</b>	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Group Community Grievance Management Policy</li> <li>• Group Community Investment and Sponsorship Compliance Policy</li> <li>• Group Community Investment Guidelines</li> <li>• Group Know-your-counterparties Policy</li> </ul>	<b>Reference frameworks</b> <ul style="list-style-type: none"> <li>• AA1000 Stakeholder Engagement Standard</li> <li>• Business for Societal Impact Framework and Guidance</li> </ul>
<b>Our governance</b>	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.	



<sup>1</sup> 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

<sup>2</sup> Mandatory contributions are community activities which we undertook in response to the requirements of law, regulation or contract

<sup>3</sup> Leveraged contributions are employee contributions raised through our employee fundraising programmes

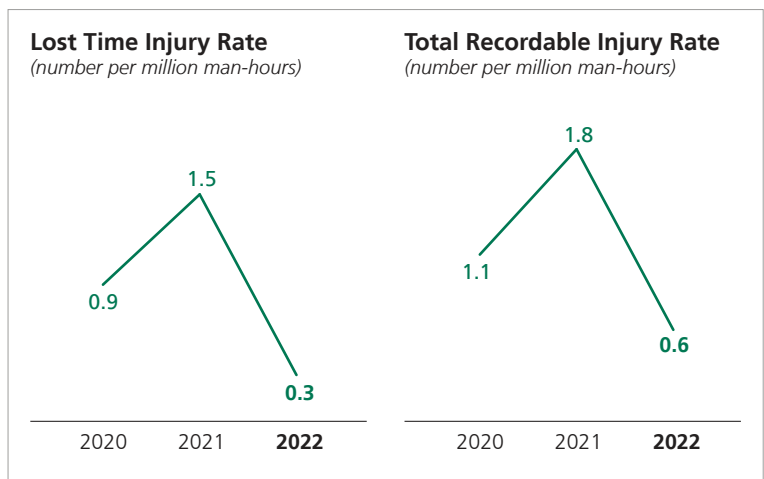
# Our ESG Priorities: Resilient Business

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

<b>Why this is material</b>	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.	
<b>Our approach</b>	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.	
<b>Our frameworks and policies</b>	<ul style="list-style-type: none"> <li>Group HSSE Policy</li> <li>Group HSSE Management Framework</li> <li>Human Rights Policy</li> </ul>	<b>Reference frameworks</b> <ul style="list-style-type: none"> <li>ISO 45001<sup>1</sup></li> <li>International Association of Oil and Gas Producers (IOGP) Global Safety Performance Indicators</li> <li>US National Institute for Occupational Safety and Health (NIOSH) Guidelines</li> </ul>

**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.

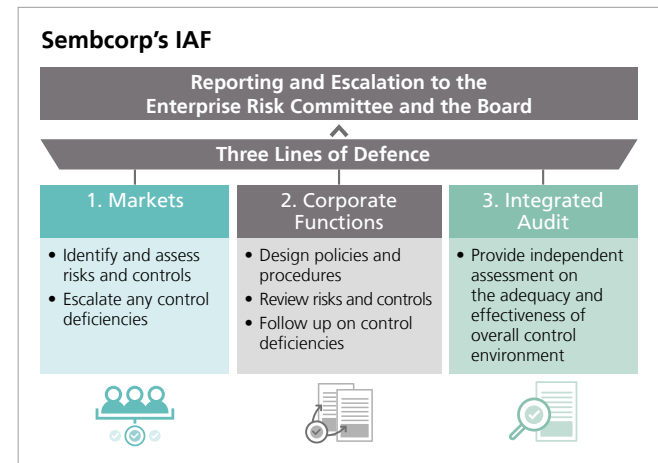
**Our performance** In 2022, there were no work-related fatalities and high-consequence injuries among employees and contractors. There was an improvement in lost time injury rate and total recordable injury rate, which can be attributed to our targeted efforts to reduce incidents associated with slips, 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.



<sup>1</sup> 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

<b>Why this is material</b>	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.	
<b>Our approach</b>	<p>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.</p> <p>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.</p> <p>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.</p> <p><i>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.</i></p>	
<b>Our frameworks and policies</b>	<ul style="list-style-type: none"> <li>Integrated Assurance Framework</li> <li>Code of Conduct</li> <li>Group Conflict of Interest Policy</li> <li>Whistleblowing Policy</li> <li>Group Investment Approval Policy</li> <li>Group Data Protection Policy</li> <li>Group Anti-bribery and Corruption Policy</li> <li>Group Gifts, Entertainment and Travel Policy</li> <li>Group Know-your-counterparties Policy</li> <li>Group Third Party Representative Anti-bribery and Corruption Due Diligence Policy</li> </ul>	<b>Reference frameworks</b> <ul style="list-style-type: none"> <li>SGX Rulebook Practice Guide 9</li> <li>Singapore Code of Corporate Governance 2018</li> <li>Committee of Sponsoring Organisations of the Treadway Commission: Enterprise Risk Management Framework 2017</li> <li>ISO 31000</li> <li>ISO 27001</li> <li>National Institute of Standards and Technology's Cybersecurity Framework</li> </ul>



**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<sup>2</sup> implemented the IAF in 2022.
- 100% of our existing employees received ABC training<sup>3</sup>.
- 100% of our employees acknowledged compliance to the Code of Conduct in 2022.

<sup>2</sup> Coverage follows the reporting scope of this Sustainability Report

<sup>3</sup> 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 <i>from increasing carbon pricing</i>	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 <sup>1</sup> under different climate scenarios on our new investments and existing operations to evaluate potential financial implications associated with carbon pricing regulations.
Legal risk <i>from exposure to litigation</i>	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 <i>from transition to lower-carbon systems disrupting conventional energy systems</i>	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 <i>from shift in supply and demand for certain commodities, products, and services</i>	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 <i>from increased severity of extreme weather events and rising sea levels and temperatures</i>	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.

<sup>1</sup> 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<sup>1</sup> (ETS) and carbon price support<sup>2</sup> (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<sup>3</sup>.

**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<sub>2</sub>e 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<sup>4</sup> 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.

<sup>1</sup> 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

<sup>2</sup> The carbon price floor was introduced on April 1, 2013 and is capped at £18/tCO<sub>2</sub>, 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

<sup>3</sup> 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


<sup>4</sup> 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).

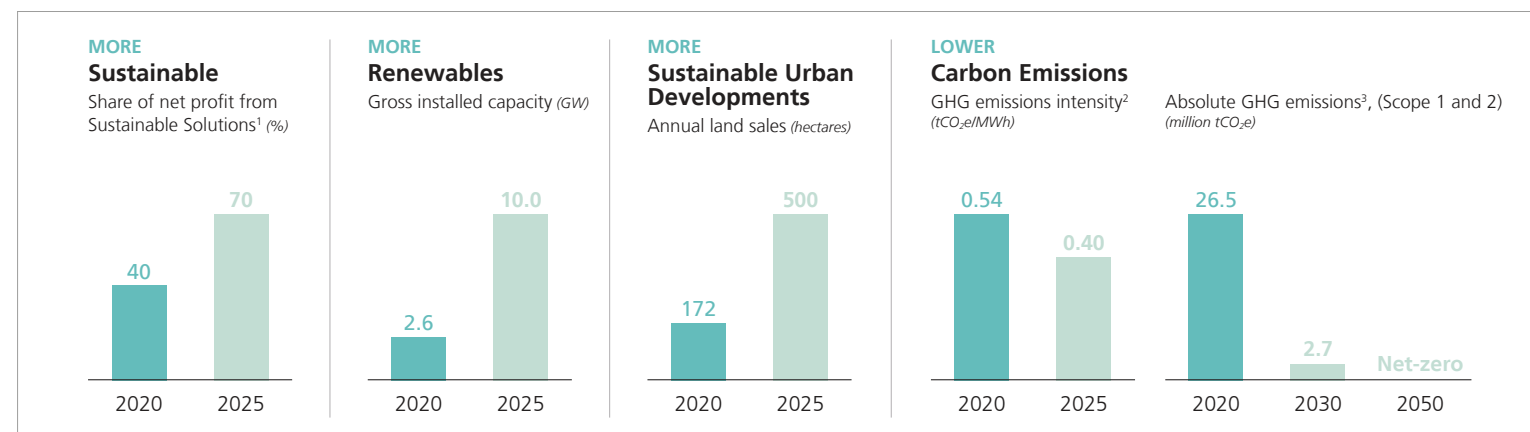
In addition to our transformation plan, we actively manage our operational emissions from existing assets by implementing optimisation initiatives. Our global energy and water facilities undertook 25 energy optimisation projects that led to a reduction of close to 51,000MWh of electricity consumed. This is equivalent to over 16,000tCO<sub>2</sub>e 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

### Our Brown to Green Strategic Transformation Targets



<sup>1</sup> 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

<sup>2</sup> 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


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

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.

### Metrics and Targets

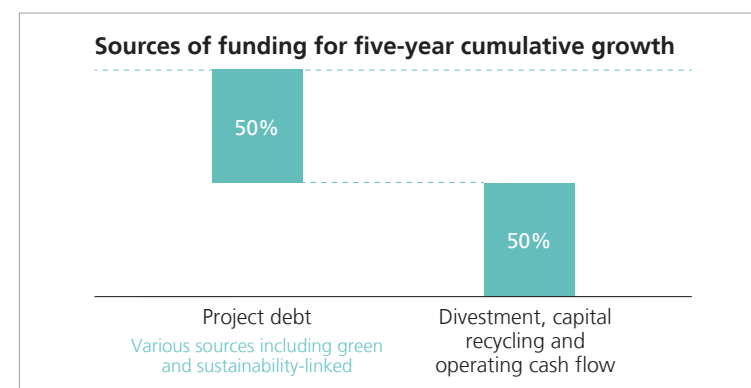
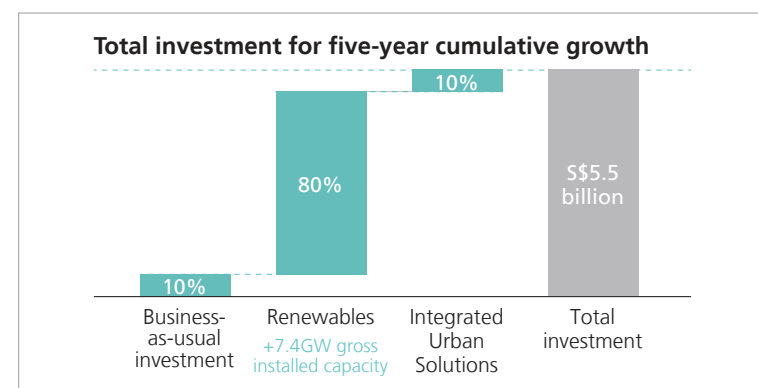
#### TCFD recommendations

- 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.

### Our Five-year Investment Programme (2021-2025)





## Supplemental Information Performance Indicators

### Climate Action

	Unit	2022	2021	2020	GRI
<b>Decarbonisation</b>					
<b>GHG emissions<sup>1</sup></b>					
Scope 1 emissions <sup>2</sup>	ktCO <sub>2</sub> e	25,229.9	25,936.3	26,303.5	305-1
Biogenic emissions <sup>3</sup>	ktCO <sub>2</sub>	543.0	502.2	518.1	305-1
Scope 2 emissions <sup>4</sup>	ktCO <sub>2</sub> e	241.3	229.9	224.8	305-2
Scope 3 emissions <sup>5</sup>	ktCO <sub>2</sub> e	8,046.1	8,878.4	9,673.4	305-3
Category 3 – Fuel- and energy-related	ktCO <sub>2</sub> e	4,088.1	4,344.1	4,432.3	
Category 11 – Use of sold products	ktCO <sub>2</sub> e	3,958.0	4,534.3	5,241.1	
GHG emissions intensity <sup>6</sup>	tCO <sub>2</sub> e/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	
<b>Renewables capacity</b>					
Gross installed renewable energy capacity <sup>7</sup>	GW	6.8	2.8	2.6	Non-GRI
<b>Resource management</b>					
<b>Energy</b>					
Total energy consumption within Sembcorp <sup>8</sup>	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 <sup>9</sup>	GJ/MWh	3.0	3.0 <sup>1</sup>	3.4	302-3
<b>Water</b>					
Water consumption within Sembcorp					303-5
All areas (total) <sup>2</sup>	ML	56,280.4	52,224.0	52,342.4	
Stressed areas <sup>2</sup>	ML	49,284.8	40,428.1	36,508.9	
Freshwater consumption intensity for energy generating assets <sup>10</sup>	m <sup>3</sup> /MWh	0.13	–	–	Non-GRI
<b>Waste</b>					
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<sub>2</sub>e: kilotonnes of carbon dioxide equivalent  
 ktCO<sub>2</sub>: kilotonnes of carbon dioxide  
 tCO<sub>2</sub>e/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<sup>3</sup>  
 m<sup>3</sup>/MWh: cubic metres per megawatt-hour

“–”: Data not available / disclosed

<sup>1</sup> 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:

- <sup>i</sup> Baseline Emission Factors of China's Regional Power Grid
- <sup>ii</sup> Central Electricity Authority of India
- <sup>iii</sup> Energy Market Authority, Singapore
- <sup>iv</sup> Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Chinese Chemical Manufacturers
- <sup>v</sup> IPCC Fifth Assessment Report (Global Warming Potential factors with 100-year time horizon)

<sup>vi</sup> IPCC Guidelines for National Greenhouse Gas Inventories for 2006

<sup>vii</sup> UK Government GHG Conversion Factors for Company Reporting 2022

<sup>2</sup> 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	2021	2020	GRI
<b>Workforce transformation<sup>11</sup></b>					
<b>Employment</b>					
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 <sup>12</sup>					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 <sup>13</sup>	%	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 <sup>14</sup>					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 <sup>14</sup>					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 <sup>15</sup>	number   %	745   13.3	896   15.7	634   12.4	401-1
Turnover rate by gender <sup>16</sup>					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 <sup>16</sup>					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	

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

<sup>4</sup> 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

<sup>5</sup> 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

<sup>6</sup> 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

<sup>7</sup> Gross installed renewable energy capacity figures exclude acquisitions pending completion and projects under development

<sup>8</sup> 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

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

<sup>11</sup> 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

<sup>12</sup> We restated our water consumption figures for 2021 and 2020 due to a refinement of our data measurement systems of a wastewater treatment plant

<sup>10</sup> 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

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

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

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

<sup>14</sup> 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

<sup>15</sup> Employee turnover covers both voluntary and involuntary turnover

<sup>16</sup> 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
<b>Workforce transformation (cont'd)</b>					
<b>Training and education</b>					
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 <sup>17</sup>	hours per employee	8.3	–	–	Non-GRI
<b>Community engagement and investment</b>					
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
<b>Health and safety<sup>18</sup></b>					
<b>Work-related injuries and ill health</b>					
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 <sup>19</sup>	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 <sup>20</sup>	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 <sup>21</sup>	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 <sup>22</sup>	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
<b>Risk governance</b>					
IAF implementation across key markets <sup>23</sup>	%	100	–	–	Non-GRI
Total number and monetary value of significant <sup>24</sup> fines that were paid during the reporting period	number   S\$ million	6   9.6 <sup>25</sup>	2   8.5	1   21.5	2-27
Operations <sup>26</sup> assessed for risks related to corruption	%	100	–	–	205-1
Employee completion of ABC training <sup>27</sup>	%	100	100	100	205-2
Confirmed incidents of corruption and actions taken	number	0	–	–	205-3

“–”: Data not available / disclosed

<sup>17</sup> 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

<sup>18</sup> 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

<sup>19</sup> 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

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

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

<sup>22</sup> 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

<sup>23</sup> Coverage follows the reporting scope of this Sustainability Report

<sup>24</sup> Refers to fines that are equal to or above S\$50,000 that are paid during the financial year

<sup>25</sup> 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

<sup>26</sup> Refers to Group’s operations in key markets. Coverage follows the reporting scope of this Sustainability Report

<sup>27</sup> 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	
<b>The organisation and its reporting practices</b>					
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 Location of Headquarters Our Global Presence	104–106	
	2-2	Entities included in the organisation's sustainability reporting	Our Approach to Sustainability: Reporting Scope Notes to the Financial Statements: Our Group Structure	21 104–106	
	2-3	Reporting period, frequency and contact point	Our Approach to Sustainability: Reporting Scope Annual Reporting Cycle Published on 29 March 2023 Our Approach to Sustainability: Sustainability Contact Contact Us	21 21	
	2-4	Restatements of information	Supplemental Information: Performance Indicators	29	
	2-5	External assurance	Our Approach to Sustainability: Assurance Supplemental Information: Assurance Statement	21 33–34	
GRI G4 Electric utilities disclosures	EU1	Installed capacity, broken down by primary energy source and by regulatory regime	Sembcorp Industries: Energy Assets		
<b>Activities and workers</b>					
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 Acquisition and Disposal of Subsidiaries	3 110–111	
	2-7	Employees	Supplemental Information: Performance Indicators	29	✔
<b>Governance</b>					
GRI 2: General disclosures 2021	2-9	Governance structure and composition	Our Approach to Sustainability: Sustainability Governance Board of Directors Corporate Governance Statement	21 16–17 35–43	
	2-10	Nomination and selection of the highest governance body	Corporate Governance Statement	35–43	

GRI standard	Disclosure reference	Description title	Disclosure	Page(s)	External assurance
<b>Governance (cont'd)</b>					
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 Supplemental Information: Climate-related Financial Disclosures 2022	21 26	
	2-14	Role of the highest governance body in sustainability reporting	Our Approach to Sustainability: Materiality Our Approach to Sustainability: Sustainability Governance	21 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		
<b>Strategy, policies and practices</b>					
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	
<b>Stakeholder engagement</b>					
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	Stakeholder Engagement Corporate Governance Statement	43	
<b>Material topics</b>					
GRI 3: Material topics 2021	3-1	Process to determine material topics	Our Approach to Sustainability: Materiality Materiality Process	21	✔
	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
<b>Decarbonisation</b>					
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	✓
<b>Resource management</b>					
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	✓
<b>Workforce transformation</b>					
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	24	✓
			Supplemental Information: Performance Indicators	30	

GRI standard	Disclosure reference	Description title	Disclosure	Page(s)	External assurance
<b>Workforce transformation (cont'd)</b>					
Non-GRI indicator	N/A	Average sustainability skill learning hours per employee	Our ESG Priorities: Empowering Lives	24	✓
			Supplemental Information: Performance Indicators	30	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Supplemental Information: Performance Indicators	29	✓
<b>Community engagement and investment</b>					
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	24	✓
			Supplemental Information: Performance Indicators	30	
<b>Health and safety</b>					
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	
			Our ESG Priorities: Resilient Business Supplemental Information: Performance Indicators	25 30	✓
			Our ESG Priorities: Resilient Business Supplemental Information: Performance Indicators	25 30	✓
<b>Risk governance</b>					
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	✓
			Our ESG Priorities: Resilient Business Supplemental Information: Performance Indicators	25 30	✓
			Supplemental Information: Performance Indicators	30	✓
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Our ESG Priorities: Resilient Business Supplemental Information: Performance Indicators	25 30	✓
			Supplemental Information: Performance Indicators	30	✓
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Supplemental Information: Performance Indicators	30	✓
			Supplemental Information: Performance Indicators	30	✓



## Supplemental Information

# Assurance Statement



### 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



### 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<sup>1</sup>, 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<sup>2</sup> 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'

Singapore  
17 March 2023

#### Percy

##### Percy Lakdawalla

Regional Manager – APAC  
Supply Chain and Product Assurance

DNV Business Assurance Singapore Pte. Ltd.

Digitally signed by Percy Lakdawalla  
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'

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](http://www.dnv.com)

<sup>1</sup> Audited Financial Statements dated 20 February 2023

<sup>2</sup> The DNV Code of Conduct is available on request from [www.dnv.com](http://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.

### 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.

### 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;

Name	First Appointed	Last Re-elected / Re-appointed	Nature of Appointment	Board Committees					
				ExCo	AC	RC	ERCC	NC	TAP
Ang Kong Hua*	Feb 26, 2010	May 21, 2020	Chairman Non-executive / Independent	C			C	C	C
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
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

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

## 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 <sup>R</sup>

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 <sup>C</sup>

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 <sup>N</sup>

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 <sup>T</sup>

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	<sup>E</sup> ExCo	<sup>A</sup> AC	<sup>R</sup> RC	<sup>C</sup> ERCC	<sup>N</sup> NC	<sup>T</sup> TAP	AGM	EGM
<b>Total number of meetings held in 2022</b>	<b>9</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>1</b>
Ang Kong Hua	9	7	–	–	4	2	4	1	1
Tow Heng Tan <sup>1</sup>	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 <sup>2</sup>	7*	–	4	3	–	–	4	1	1
Nagi Hamiyeh <sup>3</sup>	7*	3*	–	–	–	1	–	1	1
Lim Ming Yan <sup>4</sup>	7*	–	1	4	4	1	4	1	1
Wong Kim Yin	9	7	–	–	–	–	4	1	1
Nicky Tan Ng Kuang <sup>5</sup>	2	2	–	–	1	1	1	0	–

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

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

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

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

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

<sup>5</sup> 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 remunerated 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.

### 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,

### Directors' Fee Framework for FY2022\*

	S\$
<b>Retainer fee (per annum)</b>	
Chairman (all-in fee) <sup>1</sup>	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
<b>Attendance fee (per meeting)</b>	
Board meeting (local) <sup>2</sup>	2,500
Board meeting (overseas) <sup>2</sup>	5,000
Committee / General meeting (local) <sup>2</sup>	1,500
Committee / General meeting (overseas) <sup>2</sup>	3,000
Committee / General meeting (flat fee) <sup>3</sup>	1,000
<b>Teleconference (per meeting)</b>	
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
- <sup>1</sup> 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
- <sup>2</sup> Local – home country of the directors  
Overseas – outside home country of the directors
- <sup>3</sup> 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

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).

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

Notes:


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

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

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

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

<sup>5</sup> 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 <sup>6</sup> S\$'000	Cash Bonus Earned S\$'000	Bonus Declared and Subject to Deferral and Claw-back <sup>7</sup> S\$'000	Total Cash Remuneration S\$'000
<b>Payable by Company</b>				
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 <sup>8</sup>			
Contingent Grant under SCI PSP	521,300 performance shares granted on May 31, 2022 <sup>9</sup>			
	1,751,000 performance shares (PSP-TI) granted on May 31, 2022 <sup>10</sup>			

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

<sup>7</sup> 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

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

<sup>9</sup> 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

<sup>10</sup> 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 <sup>11</sup> %	Fair Value of Share-based Compensation <sup>12</sup> %	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**

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

<sup>12</sup> 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
<b>Financial / Operational / Compliance Risks:</b> Geopolitical tensions	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: <ol style="list-style-type: none"> <li>the current elevated tensions between Russia and Western security alliances because of continued conflict in Ukraine;</li> <li>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</li> <li>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.</li> </ol> <p>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.</p> <p>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.</p> <p>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.</p>
<b>Financial Risks:</b> 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.
<b>Financial Risks:</b> 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. <p>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.</p>
<b>Financial Risks:</b> 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. <p>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.</p>
<b>Operational Risks:</b> 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.
<b>Compliance Risks:</b> 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.
<b>IT Risks:</b> 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. <p>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.</p> <p>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.</p>
<b>Climate-related Risks</b>	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](http://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](http://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](http://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](http://rulebook.sgx.com), is set out below.

Board Matters		Remuneration Matters		Shareholder Rights and Engagement	
Provision	Page	Provision	Page	Provision	Page
<b>The Board's Conduct of Affairs (Principle 1)</b>		<b>Procedures for Developing Remuneration Policies (Principle 6)</b>		<b>Shareholder Rights and Conduct of General Meetings (Principle 11)</b>	
1.1	35–36	6.1	36	11.1	42
1.2	36–37	6.2	35–36	11.2	42
1.3	35	6.3	38	11.3	36, 42
1.4	35–36	6.4	38	11.4	42
1.5	36, 38	<b>Level and Mix of Remuneration (Principle 7)</b>		11.5	42
1.6	37	7.1	38	11.6	42–43
1.7	37	7.2	38–39	<b>Engagement with Shareholders (Principle 12)</b>	
<b>Board Composition and Guidance (Principle 2)</b>		7.3	38–40	12.1	43
2.1	37	<b>Disclosure on Remuneration (Principle 8)</b>		12.2	43
2.2	37	8.1	40	12.3	43
2.3	35, 37	8.2	40	<b>Managing Stakeholders Relationships</b>	
2.4	37	8.3	40	<b>Provision</b> <span style="float:right"><b>Page</b></span>	
2.5	36	<b>Accountability and Audit</b>		<b>Engagement with Shareholders (Principle 13)</b>	
<b>Chairman and Chief Executive Officer (Principle 3)</b>		<b>Risk Management and Internal Controls (Principle 9)</b>		13.1	43
3.1	38	9.1	36, 40–41	13.2	43
3.2	38	9.2	41	13.3	43
3.3	38	<b>Audit Committee (Principle 10)</b>			
<b>Board Membership (Principle 4)</b>		10.1	35–36		
4.1	36	10.2	35, 37		
4.2	35–36	10.3	41		
4.3	38	10.4	42		
4.4	37	10.5	42		
4.5	16–17, 36–38				
<b>Board Performance (Principle 5)</b>					
5.1	36, 38				
5.2	38				



# 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.

### 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 18<sup>th</sup> Annual CITIC CLSA ASEAN Forum, HSBC Asia Energy Transition Conference, Macquarie ASEAN Conference, Morgan Stanley 21<sup>st</sup> Annual Asia Pacific Summit, SGX-Credit Suisse Singapore Day, as well as non-deal roadshows in Malaysia and Singapore. We continued to conduct



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

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 Tengoh 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<sup>1</sup> 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<sup>2</sup> accounted for 13.1% of our issued

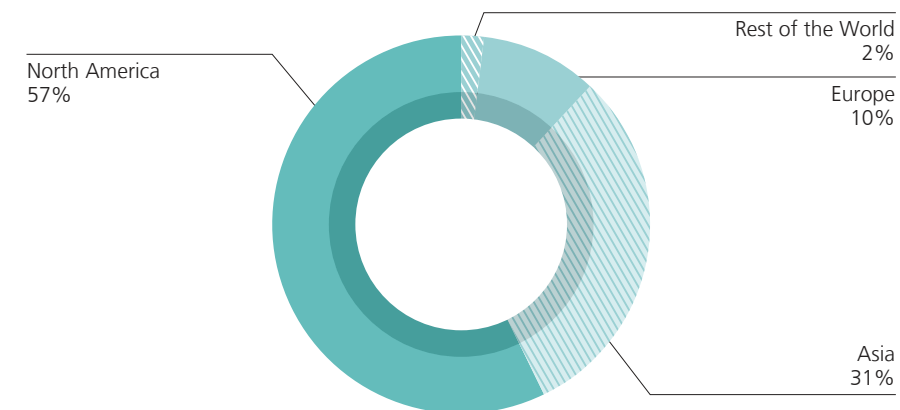
share capital or 26.0% of free float. Shareholders not identified<sup>3</sup> accounted for 14.9% of issued share capital. In terms of geographical spread, excluding the stake held by Temasek Holdings and shareholders not identified, our largest geographical shareholding base was from North America at 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

<sup>1</sup> Source: Bloomberg

<sup>2</sup> Retail shareholders include private investors, brokers, custodians and corporates

<sup>3</sup> Shareholders not identified include mainly retail shareholders whose holdings fall below the threshold of 250,000 shares