

# 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

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

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.

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- 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 deemed 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

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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.

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### 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.

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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:
<b>Financial / Operational Risks:</b> Recessionary pressures	<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.
<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.
<b>Operational Risks:</b> HSSE	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.
<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	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.
<b>IT Risks:</b> Cybersecurity	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.
<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>	
2.5	36	<b>Accountability and Audit</b>		<b>Page</b>	
<b>Chairman and Chief Executive Officer (Principle 3)</b>		<b>Risk Management and Internal Controls (Principle 9)</b>		<b>Engagement with Shareholders (Principle 13)</b>	
3.1	38	9.1	36, 40–41	13.1	43
3.2	38	9.2	41	13.2	43
3.3	38	<b>Audit Committee (Principle 10)</b>		13.3	43
<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				