

Directors' Statement

Year ended December 31, 2023

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended December 31, 2023.

In our opinion:

- the financial statements set out on pages 110 to 230 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2023 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date are in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and
- at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Tow Heng Tan
 Lim Ming Yan
 Ajaib Haridass
 Yap Chee Keong
 Dr Josephine Kwa Lay Keng
 Nagi Hamiyeh
 Kunnasagaran Chinniah (Appointed on August 1, 2023)
 Marina Chin Li Yuen (Appointed on November 1, 2023)
 Ong Chao Choon (Appointed on November 3, 2023)
 Wong Kim Yin

Directors' Interests

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

Name of director and corporation in which interests held	Direct interest			Deemed interest		
	At beginning of the year	At end of the year	At 21/01/2024	At beginning of the year	At end of the year	At 21/01/2024
Ordinary shares of the Company						
Tow Heng Tan ¹	8,700	22,400	22,400	22,715	22,715	22,715
Lim Ming Yan	19,100	34,400	34,400	–	–	–
Ajaib Haridass ²	155,500	169,500	169,500	–	–	–
Yap Chee Keong ³	116,800	131,500	131,500	–	–	–
Dr Josephine Kwa Lay Keng	54,300	67,000	67,000	–	–	–
Nagi Hamiyeh	29,600	40,400	40,400	–	–	–
Wong Kim Yin	395,188	4,163,597	4,163,597	–	–	–

S\$350,000,000 4.6 per cent notes due 2030 comprising Series 004 ("Series 004 Notes"), issued under the S\$3,000,000,000 Multicurrency Debt Issuance Programme

Yap Chee Keong ⁴	–	S\$250,000	S\$250,000	–	–	–
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¹ Deemed interest in the shares registered in the name of his wife

² Of the 169,500 SCI shares, 5,000 shares are held in the name of Bank of Singapore and 100,000 shares are held in the name of Bank Julius Baer & Co Ltd

³ All shares are registered in the name of DBS Nominees Pte Ltd

⁴ The Series 004 Notes are registered in the name of DBS Nominees Pte Ltd

Name of director and corporation in which interests held	Direct interest		Deemed interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Conditional share award				
Wong Kim Yin				
PSP 2021-2022 (Note 1a)	377,900	–	–	–
PSP 2021-2023 (Note 1b)	998,900	998,900	–	–
PSP 2022-2024 (Note 1c)	521,300	521,300	–	–
PSP 2023-2025 (Note 1d)	–	335,900	–	–
PSP-TI 2021-2025 (Note 1e)	1,728,200	1,399,900	–	–
PSP-TI 2022-2025 (Note 1f)	1,751,000	776,000	–	–
PSP-TI 2023-2025 (Note 1g)	–	1,185,360	–	–
RSP 2020 (Note 2a)	78,676	–	–	–
RSP 2021 (Note 2b)	284,066	142,033	–	–
RSP 2022 (Note 2c)	–	714,800	–	–

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

- Period from 2021 to 2022 (PSP 2021-2022)
In FY2023, 755,800 SCI shares were vested on April 3, 2023
- Period from 2021 to 2023 (PSP 2021-2023)
For this period, 0% to 200% of the conditional performance shares awarded could be delivered
- Period from 2022 to 2024 (PSP 2022-2024)
For this period, 0% to 200% of the conditional performance shares awarded could be delivered
- Period from 2023 to 2025 (PSP 2023-2025)
For this period, 0% to 200% of the conditional performance shares awarded could be delivered
- Period from 2021 to 2025 (PSP-TI 2021-2025)
In FY2023, 859,500 SCI shares were vested on January 20, 2023. The remaining conditional performance shares awarded could be vested between 2024 to 2026, subject to the achievement of performance targets and vesting conditions
- Period from 2022 to 2025 (PSP-TI 2022-2025)
In FY2023, 1,575,000 SCI shares were vested on January 20, 2023. The remaining conditional performance shares awarded could be vested between 2024 to 2026, subject to the achievement of performance targets and vesting conditions
- Period from 2023 to 2025 (PSP-TI 2023-2025)
For this period, 0% to 140% of the conditional performance shares awarded could be delivered

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

- RSP 2020
In FY2023, 78,676 SCI shares (final release of the 1/3 of 236,030 shares) were vested on April 3, 2023.
- RSP 2021
In FY2023, 142,033 SCI shares (2nd release of the 1/3 of 426,100 shares) were vested on April 3, 2023. The remaining shares will be vested in Year 2024.
- RSP 2022
In FY2023, 357,400 SCI shares (1st release of the 1/3 of 1,072,200 shares) were vested on April 3, 2023. The remaining shares will be vested in Year 2024 and 2025.

Directors' Statement

Year ended December 31, 2023

Directors' Interests *(cont'd)*

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

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

Except as disclosed in Notes B4(a) and G4(d) to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he / she is a member, or with a company in which he / she has a substantial financial interest.

Share-based Incentive Plans

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

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

Lim Ming Yan *(Chairman)*
Tow Heng Tan
Kunnasagaran Chinniah *(Appointed on November 3, 2023)*

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

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

a. Performance Share Plan (PSP)

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

Performance shares participants	At January 1	Movements during the year			At December 31	
		Conditional performance shares awarded	Conditional performance shares lapsed	Performance shares awarded due to achievement of targets		
2023						
Key executives of the Group ¹	22,711,791	2,501,600	(1,849,415)	4,552,470	(11,508,600)	16,407,846

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

Of the performance shares released, nil (2022: 19,900) performance shares were cash-settled. The remaining performance shares were released via the issuance of treasury shares.

The total number of performance shares granted conditionally but not released as at December 31, 2023, was 16,407,846 (2022: 22,711,791). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 24,742,626 (2022: 34,557,122) performance shares.

b. Restricted Share Plan (RSP)

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

Restricted shares participants	At January 1	Movements during the year			At December 31
		Conditional restricted shares awarded	Conditional restricted shares released	Conditional restricted shares lapsed	
2023					
Non-executive directors of the Company:					
Tow Heng Tan	–	13,700	(13,700)	–	–
Lim Ming Yan	–	15,300	(15,300)	–	–
Ajaib Haridass	–	14,000	(14,000)	–	–
Yap Chee Keong	–	14,700	(14,700)	–	–
Dr Josephine Kwa Lay Keng	–	12,700	(12,700)	–	–
Nagi Hamiyeh	–	10,800	(10,800)	–	–
Kunnasagaran Chinniah	–	–	–	–	–
Marina Chin Li Yuen	–	–	–	–	–
Ong Chao Choon	–	–	–	–	–
Employees of the Group¹	4,072,047	3,449,525	(4,449,145)	(8,738)	3,063,689
	4,072,047	3,530,725	(4,530,345)	(8,738)	3,063,689

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

The total number of restricted shares outstanding, including award(s) achieved but not released, as at end 2023, was 3,063,689 (2022: 4,072,047). With the change in the remuneration structure, with effect from 2019 award, the RSP balances represent 100% of targets achieved, but not released subject to individual performance and fulfilment of service conditions at vesting. The actual release of the awards is a maximum of 3,063,689 (2022: 4,072,047) restricted shares.

c. Maximum Number of Shares Issuable

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

Directors' Statement

Year ended December 31, 2023

Audit Committee

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

Yap Chee Keong (*Chairman*)

Ajaib Haridass

Dr Josephine Kwa Lay Keng

Marina Chin Li Yuen (*Appointed on November 3, 2023*)

Ong Chao Choon (*Appointed on November 3, 2023*)

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

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

The Audit Committee also reviewed the following:

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

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

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

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

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept reappointment.

On behalf of the Board of Directors



Tow Heng Tan
Chairman



Wong Kim Yin
Director

Singapore
February 19, 2024