


Climate-related Financial Disclosures

The disclosures in this report seek to comply with the Singapore Exchange's mandate for climate reporting for the energy industry commencing financial year 2023. The report follows the recommendations of the TCFD, and complements the information set forth in our Annual and Sustainability Reports. This report should be read together with the Decarbonisation section of our Sustainability Report. To avoid the duplication of information, references to the relevant sections are provided.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Governance	Risk Management	Strategy	Metrics and Targets
Disclose the organisation's governance around climate-related risks and opportunities >> Refer to page 54	Disclose how the organisation identifies, assesses and manages climate-related risks >> Refer to page 55	Disclose the actual and potential financial impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning >> Refer to pages 56-63	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities >> Refer to page 63

 Climate-related financial information has been included in Note B4 in the Notes to the Financial Statements on page 142.

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; caution should be exercised when interpreting the information provided.

The scenarios used in this report are largely derived from assumptions in the Intergovernmental Panel on Climate

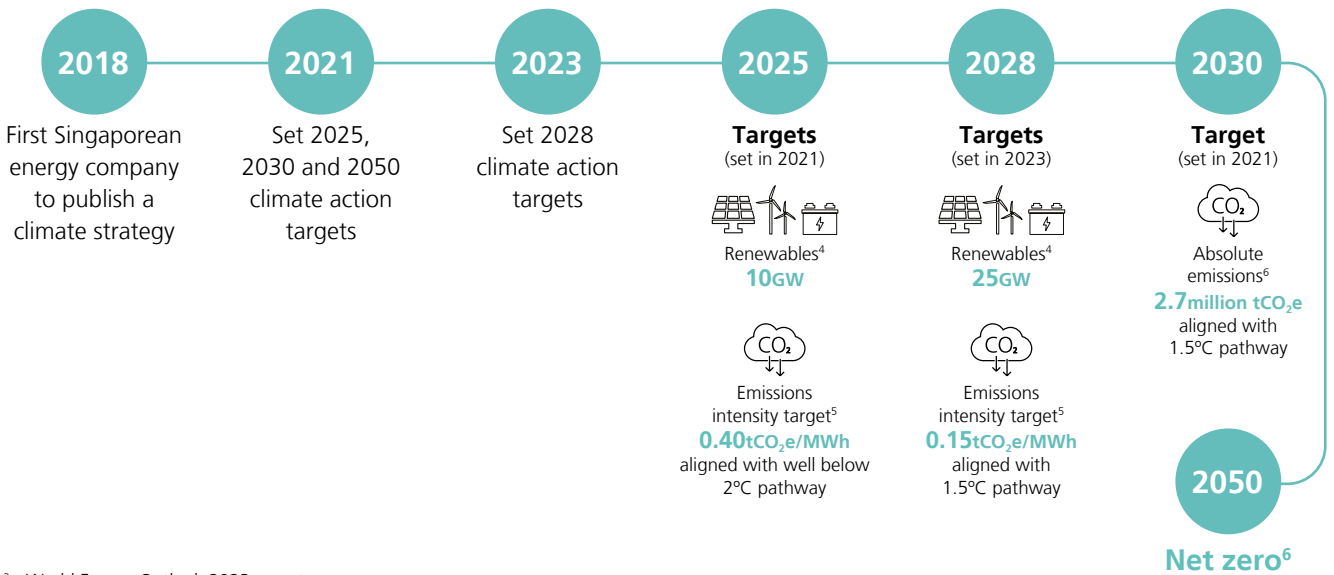
Change (IPCC) Sixth Assessment Report (AR6) and the Network for Greening the Financial System (NGFS). These scenarios are hypothetical constructs and should not be mistaken for forecasts or predictions. Accordingly, there is no assurance that the scenario modelling or assessments presented in this report are indicative of the actual climate-related impacts on Sembcorp's businesses.

In this report, limited assurance is provided for the metrics disclosures available in our Sustainability Report. This includes metrics such as GHG emissions and

renewables capacity, which are reported and externally assured in accordance with the GRI Standards as part of our sustainability reporting disclosures.

Our Climate Roadmap and Journey

The energy sector contributes to almost 40% of global emissions³, making it a pivotal player in combatting climate change and enabling the global energy transition. At Sembcorp, we are committed to supporting Asia's shift to a clean and responsible energy future for all.



³ World Energy Outlook 2023 report

⁴ Gross installed renewable energy capacity refers to current capacity of the plant at commercial operation date (in megawatt alternating current for wind and solar, and in megawatt-hour for energy storage) as specified in the grid connection agreement or as permitted (assumes 100% ownership of the facility). Figure excludes acquisitions pending completion and projects secured or under construction

⁵ 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


⁶ 2030 and 2050 targets cover the Group's absolute Scope 1 and Scope 2 emissions

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The journey from brown to green holds its own set of operational challenges, particularly in markets that are deeply entrenched in fossil fuel infrastructure and power purchase agreements. As we scale down our fossil fuel usage, access to reliable and affordable renewable energy as well as low-carbon feedstock must be expanded to meet the needs of industry and individuals. Our existing gas assets remain crucial in meeting the energy demands of Asia. Our highly contracted position on these assets provide steady and predictable cash flow to fuel the growth of our Renewables business, as we manage the gas portfolio to support Asia's energy needs.

Our 2028 and 2030 GHG emissions targets are aligned with the Paris Agreement 1.5°C pathway. They were developed using the Science-based Target initiative's (SBTi) guidance and tools for the power sector.

We are taking significant steps to be a key player in the journey towards a low-carbon future. We are expanding our renewable energy portfolio and investing in energy storage and battery technology to support the continued growth of renewables deployment. We remain committed to exploring low-carbon alternatives to gas including the production and turbine-firing of hydrogen and its derivatives.

 For more information on our Climate Action Plan, please refer to the Climate Action Plan section on Our Approach to Sustainability webpage.

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 2023, we presented our refreshed strategic plan and climate action targets to the board. These included:


- Our 2028 targets for renewable energy and GHG emissions intensity
- The transition plan to meet our climate action targets
- Renewables and other decarbonisation-related opportunities
- The Group's five-year financial plan

Key topics discussed in our Climate Change Working Committee (CCWC) meetings during the year included the approach and methodology for climate transition and physical risk scenario analysis as well as our Scope 3 emissions inventorisation. The committee also reviewed our 2028 climate action target setting and transition plan.

Our engagement with stakeholders is aligned with our position to support decarbonisation and a low-carbon economy. Our Group President & CEO serves as Vice Chair, Asia, World Energy Council, a UN-accredited global energy body that convenes diverse interests from across the full energy ecosystem.

Our key executives and businesses are part of relevant industry and sector associations including:

- Sustainable Energy Association of Singapore
- Masyarakat Energy Terbarukan Indonesia, Indonesia Renewable Energy Society
- Wind Independent Power Producers Association, India
- India Wind Power Association
- Sustainable Projects Developers Association, India
- Energy UK
- Hydrogen UK
- Electricity Storage Network
- Association of Decentralised Energy

 For more information on the governance of our sustainability and climate-related matters, please refer to the Sustainability Governance and Decarbonisation sections on pages 44 to 46.

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

The list of potential climate-related risks and opportunities was developed as part of our first climate strategy exercise in 2017. The risk factors were established taking into account nationally determined contributions (NDCs), which may support carbon pricing mechanisms and lends momentum to the adoption of clean technology.

The CCWC reviews, updates and prioritises the risks, taking into consideration the business, operational and regulatory environment. Potential financial impact and likelihood of occurrence are assessed to identify the top climate-related risks. The financial impact of top risks is then mapped against the financial materiality threshold of our Integrated Assurance Framework (IAF) and subsumed under the IAF for monitoring.



 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 52 and the Corporate Governance Statement on page 88.

Table 1: Our climate-related risks managed through the IAF

TCFD climate-related risks	Our key risks	Management approach
Policy risk from increasing carbon pricing	Carbon exposure	Sembcorp is subject to national policies and regulations that impose a price on carbon on its gas and related energy assets in Singapore and the UK. To manage carbon exposure risk, we assess our GHG emissions (absolute and intensity) against our emissions reduction targets and report its progress to the management. We also apply an internal market-specific shadow carbon price ¹ under different climate scenarios on our new investments and existing operations to evaluate potential financial implications associated with carbon pricing regulations.
Legal risk from exposure to litigation	Regulatory compliance – license to operate	Legal risks arising from non-compliance with applicable environmental laws and regulations may impact our licence to operate. We continuously monitor regulations and track compliance. Any incident of non-compliance is reported to management.
Technology risk from transition to lower-carbon systems disrupting gas and related energy systems	Strategic competition and relevance	Climate-related technology risks may arise from the failure to identify and adopt disruptive innovation that could impact our gas and related services business. We manage these risks by identifying new technologies as well as collaborating with academia partners and industrial associations to research and test new technologies.
Market risk from shift in supply and demand for certain commodities, products and services	Commodity volatility	 For more information on our management approach on commodity volatility risks, please refer to the Corporate Governance Statement on page 87.
Physical risk from increased severity of extreme weather events and rising sea levels and temperatures	Investment governance, project execution and operations	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 assessment of our critical assets using a third-party risk analytics platform and reviewing the effectiveness of their mitigation and adaptation plans based on local market intelligence. To further mitigate such risks, we insure our assets appropriately.

¹ Our internal carbon pricing tool was developed by an external consultant and is updated annually based on internationally recognised standards for carbon pricing, global climate scenarios and insights on local carbon pricing regulations

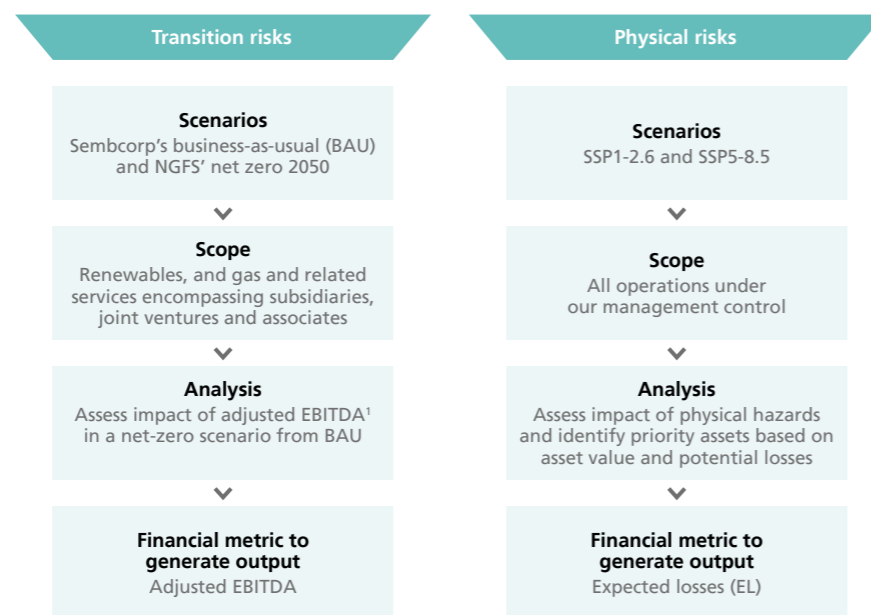
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Strategy

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

Figure 1: Our approach to climate scenario analysis



Climate scenario analysis

Scenario analysis is a dynamic exercise that serves to envision potential future outcomes, rather than predict the future. It is with this approach that we conducted our climate scenario analysis for our transition and physical risks to assess the resilience of our portfolio and operations.

To quantify the potential financial impact of the climate transition risks and opportunities, we adopted scenarios

and key assumptions developed by the NGFS. NGFS scenarios take reference from IPCC AR6 and provide country level forecasts of macroeconomic variables covering our key markets as outlined in Table 2.

In assessing our physical risk, we adopted the Representative Concentration Pathways (RCPs) scenarios considered in the IPCC AR6, including the pairing of Shared Socioeconomic Pathways

(SSPs) scenarios as outlined in Table 3. The SSPs include projections of population and economic growth, as well as technological and geopolitical trends, whereas the RCP set out pathways for GHG concentrations and the amount of warming that may occur by the end of the century. Further information on our scenario selection process is provided in the transition and physical risk resilience sections that follow.

Table 2: Overview of NGFS scenarios and key assumptions²

Category	Transition risk scenarios	Ambition level	Policy reaction	Technology change	Carbon dioxide removal	Regional policy variation
Orderly	1. Net Zero 2050	<1.5°C	Immediate & smooth	Fast	Medium-high use	Medium
	2. Below 2°C	1.6°C	Immediate & smooth	Moderate	Medium-high use	Low
Disorderly	3. Divergent Net Zero	1.4°C	Immediate but divergent	Fast	Low-medium use	Medium
	4. Delayed Transition	1.6°C	Delayed	Slow / Fast	Low-medium use	High
Hot house world	5. National Determined Contributions (NDCs)	2.6°C	NDCs	Slow	Low-medium use	Medium
	6. Current Policies	>3°C	None	Slow	Low use	Low

Table 3: Overview of the five scenarios considered in IPCC AR6³

Physical risk scenarios	Ambition level	Emissions increase	Description
1. SSP1-1.9 <i>Most optimistic scenario</i>	1.4°C	Very low	<ul style="list-style-type: none"> • The world takes on a more sustainable pathway • Emissions rapidly decline to net zero by about 2050 and become negative after
2. SSP1-2.6 <i>Relatively optimistic scenario</i>	1.8°C	Low	<ul style="list-style-type: none"> • Emissions decline to net zero by about 2075 and become negative after • Increase in coastal flooding, increased risk of extreme heat and other climate change impacts
3. SSP2-4.5 <i>Middle-of-the-road scenario</i>	2.7°C	Intermediate	<ul style="list-style-type: none"> • Slow progress to achieve Sustainable Development Goals and emissions remain high until 2050 • Post 2060, visible catastrophic events including heat waves once every five years
4. SSP3-7.0 <i>Dangerous scenario</i>	3.6°C	High	<ul style="list-style-type: none"> • Economic growth and social progress stalls while emissions rise to double the current amount by 2100 • Destruction of marine ecosystems, receding coastlines and severe consequences for human life
5. SSP5-8.5 <i>"Avoid at all costs" scenario</i>	4.4°C	Very high	<ul style="list-style-type: none"> • The world doubles down on fossil fuel extraction and emissions rise to double the current amount by 2050 • Lethal heat waves, extreme precipitation events, severe hurricanes, drought, and changes in water supply

Transition risk resilience

Our purpose of conducting scenario analysis for transition risk seeks to assess the resilience of our business against ambitious and immediate climate policies. We seek to understand the impact on our gas and related services portfolio, as well as how these policies might be positive for our renewables portfolio.

Our transition risk scenario analysis is integrated into our annual corporate budget exercise, which sets out business and financial plans for up to five years ahead, to 2028.

We selected our internal BAU as baseline and adopted the net zero 2050 scenario from NGFS to assess the impact on our adjusted EBITDA for our renewables, and gas and related services portfolios. The parameters used to define our BAU include evolving regulatory environment, market outlook, as well as current and future energy demand.

Scope / assets tested	<ul style="list-style-type: none"> • Renewables, and gas and related services segments which collectively contribute to more than 87% of our adjusted EBITDA¹ • Only include subsidiaries, joint ventures and associates in China, India, Singapore, the UK and Vietnam
Financial metric	Adjusted EBITDA ¹ is a measure of our operating performance from all our subsidiaries, joint ventures and associates
Scenarios selected	Sembcorp's BAU and the net zero 2050 scenario. The net-zero scenario represents the highest ambition level and aligns to our existing (2028, 2030 and 2050) targets towards a 1.5°C pathway
Time horizon	The 2030 time horizon aligns to our strategic climate action target, and is the closest match to our current business planning time horizon of 2028
Assumptions	<ul style="list-style-type: none"> • Include all our energy generation assets – ongoing operations, growth projections, and concession expiry • Operations with build-to-operate power plants are excluded as the capacity payments are undergirded by long-term Purchase Power Agreements (PPAs) as well as pass-through terms, for which the stress test variables are unlikely to impact

¹ EBITDA: earnings before interest, tax, depreciation and amortisation, where adjusted EBITDA = reported EBITDA + share of results of associates and joint ventures, net of tax

² NGFS Climate Scenarios Database – Technical Documentation V3.1. The latest available version will be used at the time of conducting our scenario analysis

³ Adapted from the IPCC AR6 Synthesis Report

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Strategy *(cont'd)*

Given that our financial data inputs were up to 2028, we used 2028 data as forecast for 2030, and conducted stress testing of our adjusted EBITDA.

Our transition risk analysis focuses on the potential impact of carbon policies and other related changes arising from energy transition in our key markets. The NGFS variables considered in stress testing include energy demand, carbon price, fuel price and electricity price.

The net-zero scenario presents opportunities for the renewables segment in 2030 on the assumption that governments establish policies in support of ambitious NDCs commitments in our key markets. Our strategy to grow our renewables portfolio is aligned with this view.

Our gas-fired plants generate revenue from energy sales in contracted and merchant markets. The downside is mainly due to the decrease in demand of gas-fired electricity in a net-zero scenario. As mentioned earlier, our build-to-operate assets have been excluded from this stress test, as they are undergirded by long-term PPAs which also include carbon cost pass-through terms.

Overall, our group adjusted EBITDA is expected to increase in a net-zero scenario with our key strategic focus to grow renewables and low-carbon technologies in our key markets.

The assessment and prioritisation of opportunities are under the ambit of Group Strategy & Projects and Group Centre of Excellence divisions, and presented as part of our 2024 to 2028 strategy and targets at Investor Day 2023.


 For more information on our opportunities and strategy, please refer to Investor Day 2023 webpage.

Figure 2: Transition scenario analysis methodology

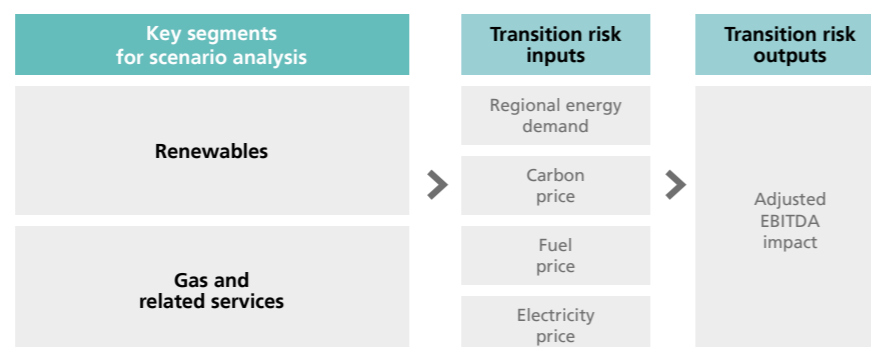


Figure 3: Adjusted EBITDA impact in 2030 in a net-zero scenario from BAU

Business segment	S\$ million		
	<200	200-500	>500
Renewables			●
Gas and related services		●	
Group			●

● Upside ● Downside

Physical risk resilience

In assessing physical risk, we seek to understand the hazards and consequent vulnerability that our assets are exposed to across various geographies.

Global warming has resulted in increased severity of extreme weather events. However, there is uncertainty surrounding the degree of warming in future and its associated implications.

Scope / assets assessed	All operations under our management control in Bangladesh, China, India, Myanmar, Oman, Singapore, UAE, the UK and Vietnam. Assets that are not under our management control have been excluded
Financial metric	Annual expected loss, which represents the potential losses from extreme weather events multiplied with the probability of occurrence
Scenarios selected	<ul style="list-style-type: none"> SSP1-2.6 reflects a low-emissions and optimistic scenario with temperature rise below 2°C SSP5-8.5 reflects a worst case and high-emissions scenario which would result in extreme weather events
Time horizon	Baseline (2020), 2030 and 2040 were selected as they provide a forecast of physical risk in the medium and long term. These time horizons reflect the operational lifetime of our assets, and support our resilience planning
Prioritisation criteria	<ul style="list-style-type: none"> Most vulnerable / exposed assets Asset value

We used a third-party risk analytics platform to conduct physical risk assessment for our assets in low- and high-emissions scenarios. However, climate models may not capture some of the risk exposure resulting in underestimation or overestimation. Therefore, we corroborate the outputs at baseline with historical events to inform our assessment. The impact from physical risk is dependent on asset type, location, mitigation measures adopted and host governments' national resilience masterplan.

Following our previous physical risk screening exercise in 2018, we conducted a second physical risk screening of our assets under management control across various geographies in 2023. We used a third-party physical risk analytics platform to assess exposure of our individual assets to physical climate hazards.

The data parameters provided as inputs to this platform included geocoordinates, asset value and asset type. This provided outputs on the assets' risk exposure to flood, storm surge, extreme precipitation, drought, heat wave, wildfire and extreme wind conditions. We then

Table 4: Inherent physical risk exposure of our portfolio across time horizons without mitigation measures

Key physical hazards	2020	2030	2040
Flood and storm surge	Low	Low	Low
Daily wind extreme	Low	Low	Low
Wildfire	Low	Low	Low
Drought	Moderate	Moderate	Moderate
Heat wave	Moderate	Moderate	High
Extreme precipitation	Moderate	High	High

aggregated the asset level outputs to present the portfolio risk level for a baseline (2020), 2030 and 2040 time horizons. Table 4 summarises the portfolio view of our inherent physical risk exposure without any mitigation measures.

After ascertaining exposure of our portfolio to physical hazards, we prioritised the risks by asset value and expected loss. Table 5 sets out the key physical hazards, their potential impact on our priority assets' operations and the mitigation measures. From this shortlist, we adopted a screening filter using the probability of a hazard as measured by return periods¹. We finally corroborated our top physical hazards, i.e. flood and

storm surge, and extreme precipitation with historical weather events, where available. Refer to Table 6 for details on our top physical risks.

At portfolio level, floods due to extreme precipitation present the most immediate concern in the medium term. We are cognisant of these risks and incorporate infrastructure resilience considerations in our asset design specifications, designing them in line with industry standards. We strive to ensure adequate flood protection for assets located in the most susceptible zones, and will further assess the resilience of our vulnerable assets and strengthen the existing mitigation measures where required.

Table 5: Potential impact to our priority assets and respective mitigation measures

Key physical hazards	Potential impact	Mitigation measures
Flood and storm surge	<ul style="list-style-type: none"> Business interruption from extreme weather events may result in revenue loss 	<ul style="list-style-type: none"> In our combined power and desalination plants where there were past incidence of flood and storm surge, shore walls and storm water canals have been constructed to prevent water ingress
Extreme Precipitation	<ul style="list-style-type: none"> Property damage from extreme weather events may require repairs and construction, resulting in increased expenditure 	<ul style="list-style-type: none"> For the solar power project exposed to this hazard, we have constructed bund walls to mitigate potential impact from flood events
Drought	<ul style="list-style-type: none"> Disruption in operations due to the lack of water may result in revenue loss and / or higher expenditure 	<ul style="list-style-type: none"> All of our energy generation assets identified as being exposed to drought conditions in the medium term draw their water from the sea
Heat wave	<ul style="list-style-type: none"> Increased cooling costs and reduced productivity due to heat waves may result in higher expenditure 	<ul style="list-style-type: none"> We actively monitor ambient / seawater temperature and assess impact on our gas-fired assets. The cooling load will be adjusted to manage incidents of increased temperatures

¹ Return periods are a metric that describes how likely a hazard event will occur

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Strategy (cont'd)

Our top climate-related risks and opportunities

Our top risks and opportunities as well as associated potential financial impact are detailed in Tables 6 and 7. 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

Table 6: Our top climate-related risks



Policy risk: Increasing carbon prices Impact: Short-, medium- and long-term	
Description	<p>Arising from the growing importance and influence of the UN Conference of the Parties, governments are implementing country-level strategies to reduce emissions and support the transition to a low-carbon economy. Under the Paris Agreement, every party is required to outline and communicate their post 2020 actions known as their NDCs. Two-thirds of all submitted NDCs consider the use of carbon pricing through international trading of emissions, offsetting mechanisms, carbon taxes, and other approaches to achieve their emission reduction targets.</p> <p>In Singapore and the UK, our gas and related energy assets are subject to carbon pricing regulations including Singapore's carbon tax, the UK's emissions trading scheme¹ and carbon price support². The increasing carbon prices pose inherent risk to our operating costs. In 2023, the financial impact was approximately S\$52.2 million³ in the form of cost of compliance. We expect carbon prices to rise and consequently the financial impact to increase as well.</p>
Strategy and management approach	<p>In our key markets, we monitor the regulatory framework and conduct risk-based scenario analysis on BAU, 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 gas and related energy assets.</p> <p>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.</p>
Physical risk: Extreme weather events such as flood and storm surge, and extreme precipitation Impact: Short-, medium- and long-term	
Description	<p>Sembcorp's assets may be impacted by acute and chronic physical risks. These risks may arise from increased severity and frequency of extreme weather events such as flood and storm surge, drought, wildfire, extreme precipitation, extreme wind conditions and heatwaves. This may lead to financial losses arising from operational disruptions of our assets.</p> <p>As explained in the physical risk resilience section, flood and storm surge, and extreme precipitation present the most immediate concern for our top priority assets in the medium term. In particular, our Middle East and Vietnam assets which are situated near the sea are assessed to be at higher risk. Based on historical events in the region where these assets are, there is a possibility of such events which may result in financial impact of approximately S\$9.8 million in the form of property damage and loss of revenue.</p>
Strategy and management approach	<p>To mitigate sea and / or storm water ingress, we have constructed shore walls and storm water canals for our assets in Middle East. We have also constructed bund walls around our Vietnam assets exposed to flood and storm surge. We will continue to assess and monitor any potential risks. The assets are also covered by insurance in the event of future storm surge and / or flood events. The cost to reduce the impact from such events was approximately S\$1.6 million.</p>

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

² The carbon price floor was introduced on April 1, 2013 and is capped at £18/tCO₂ as at December 31, 2023. It affects the fossil fuel-based electricity generation market in the UK by increasing the cost they face for each tonne of carbon dioxide emitted

³ The figures may be subject to change upon mandatory external audit post-publication of this report

Table 7: Our top climate-related opportunities

Products and services: Deployment of renewable energy solutions Impact: Medium- and long-term	
Description	<p>Intensifying geopolitical tensions have led to a marked shift from globalisation, leading to significant momentum for renewables growth in response to growing demands for energy security and resilience. At COP28, over 100 countries pledged to triple the world's renewable energy capacity and double energy efficiency by 2030. The projected growth in the renewables market across China, India and Southeast Asia amounts to over 1,300GW over the next five years⁴. This trend would generate positive impact for our business as we support the global energy transition.</p> <p>Sembcorp aims to grow its gross installed renewable energy capacity to 25GW by 2028. As at December 31, 2023, our gross installed renewable energy capacity grew to 9.4GW. Net profit before exceptional items from the Renewables segment grew to S\$200 million. In 2023, the renewable energy generated is equivalent to approximately 9.0 million tCO₂e emissions avoided⁵.</p>
Strategy and management approach	<p>We have a five-year (2024–2028) cumulative growth investment plan of S\$10.5 billion to grow our gross installed renewable energy capacity to 25GW by 2028. In 2023, we utilised S\$1.3 billion⁶ to develop and grow our renewable energy portfolio.</p> <p> For more information on our key developments and performance in the Renewables segment, please refer to the Operating and Financial Review section on pages 25 to 30.</p>
Products and services: Deployment of decarbonisation solutions Impact: Short-, medium- and long-term	
Description	<p>Over 140 countries have committed to achieving net zero by the middle of the century, with global net-zero commitments covering almost 90% of global emissions⁷. Solutions such as green power import, green fuels as well as renewable energy certificates and carbon credits will be increasingly relevant and in demand as the world transits to a low-carbon economy.</p> <p>Sembcorp is well-positioned to capture opportunities in these markets. In 2023, we announced our investment in a 600MW hydrogen-ready energy generation asset as well as the potential development of offshore wind power import to Singapore. We have established partnerships for the potential development of ammonia-fired energy generation assets, as well as green piped hydrogen into Singapore. We also set up our hydrogen business unit with the aim to source and secure low-cost green hydrogen and ammonia. These solutions will position us for growth beyond 2028.</p>
Strategy and management approach	<p>We have a five-year (2024–2028) cumulative growth investment plan of S\$1.4 billion to expand our decarbonisation solutions offerings.</p> <p>In 2023, our efforts were focused on establishing our low-carbon alternatives business and GoNetZero™, our carbon management solutions business, to support future growth under our Decarbonisation Solutions segment.</p> <p> For more information on our strategic collaborations, please refer to the Media Releases section on the News and Insights webpage.</p>

⁴ GlobalData (October 2023)

⁵ Avoided emissions are calculated based on the methodology set out by the UN Framework Convention on Climate Change: Clean Development Mechanism, the latest available emissions factors from the respective host country and the actual 2023 generation data

⁶ S\$1.3 billion consists of S\$0.6 billion in capital expenditure and S\$0.7 billion in equity investment

⁷ UN Net Zero Coalition

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Strategy (cont'd)

Refreshed strategy

In November 2023, we announced our refreshed set of targets for 2028 at our Investor Day.

Our targets

- By 2028, grow gross installed renewables capacity to 25GW
- By 2028, halve emissions intensity to 0.15tCO₂e/MWh from 2023 levels
- By 2030, reduce absolute emissions by 74% (from 2023 levels) to 2.7 million tCO₂e
- By 2050, deliver net-zero emissions

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 nine energy optimisation projects that led to a reduction of close

Key actions

Grow renewables
<ul style="list-style-type: none"> • Grow gross installed renewable energy capacity to 25GW by 2028
Reduce emissions
<ul style="list-style-type: none"> • Expiry of concession (gas-fired assets) • Manage our gas portfolio for value • Implement optimisation projects to improve efficiency
Invest in low-carbon initiatives
<ul style="list-style-type: none"> • Renewables imports • Low-carbon technology for electricity generation • Low-carbon feedstock: explore use of green hydrogen and / or ammonia in our generation assets

to 9,000MWh of electricity consumed. This is equivalent to over 6,400tCO₂e emissions avoided or taking over 1,200 cars off the road for a year¹.

Financial planning 2024–2028

Capital allocation

Our total five-year investment plan is projected to be S\$14 billion. Of this,

75% is expected to be invested in renewable energy to support the growth of our renewables capacity to achieve 25GW by 2028. Another 10% of the investment will be allocated to exploring and expanding our decarbonisation solutions including green hydrogen and ammonia projects, power imports and carbon management solutions.



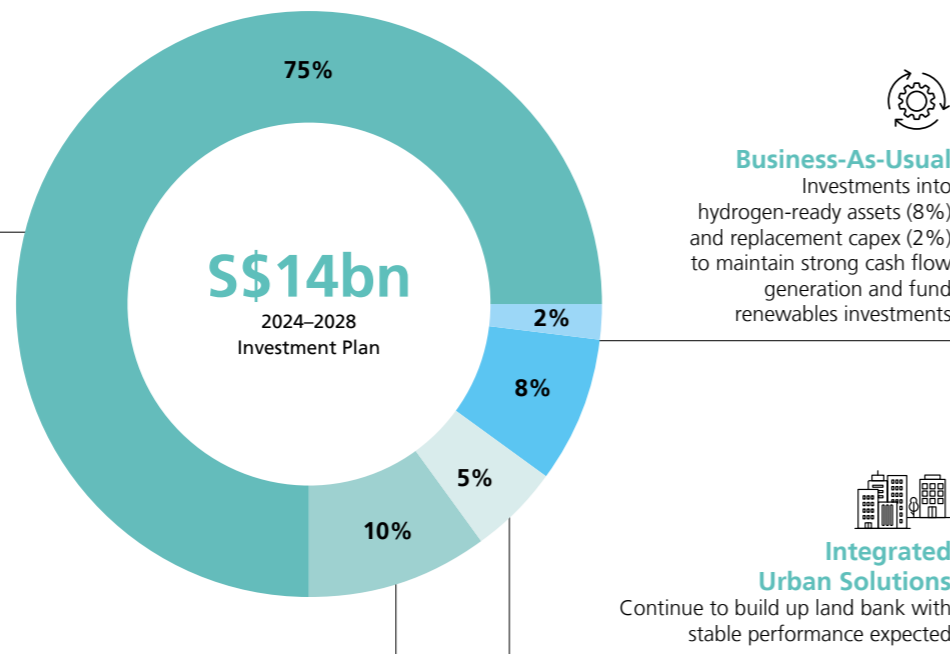
Renewables

Continue to grow in key markets



Decarbonisation Solutions

Explore and expand offerings on decarbonisation solutions for growth beyond 2028



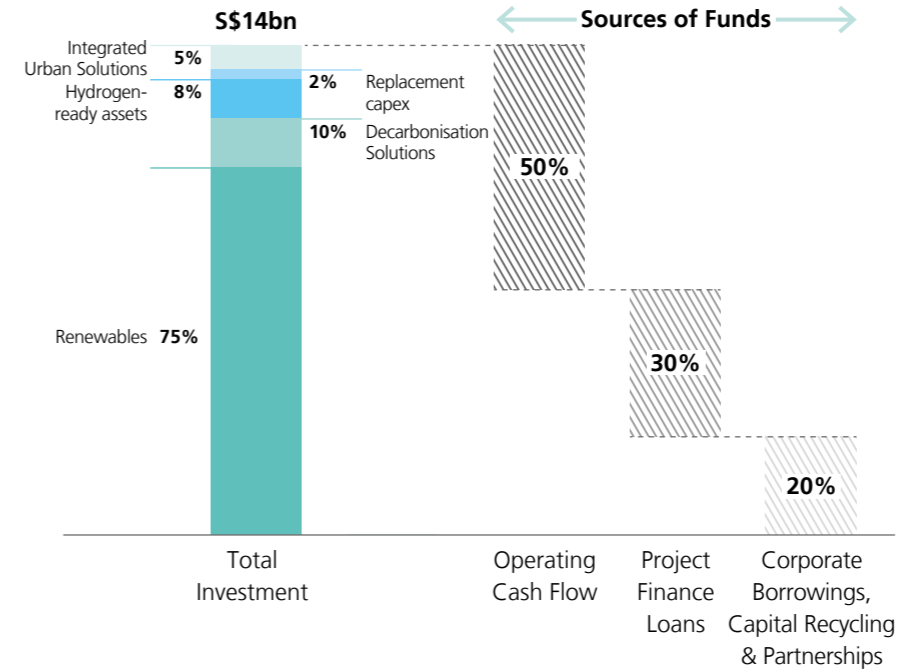
Business-As-Usual

Investments into hydrogen-ready assets (8%) and replacement capex (2%) to maintain strong cash flow generation and fund renewables investments



Integrated Urban Solutions

Continue to build up land bank with stable performance expected



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. In accordance with our Green Financing Framework and Sustainable Financing Framework, Sembcorp and its subsidiaries have secured S\$4.7 billion² of borrowing facilities as at December 31, 2023, of which S\$3.3 billion are outstanding borrowings. Half of our targeted capital needs for the next five years will be funded by operating cash flows. The remaining will come from corporate debt and / or capital recycling out of certain assets through partnerships.

For more information on our Green and Sustainable Financing Frameworks and issuances, please refer to the Fixed Income section on the Creating Shareholder Value webpage.

Acquisitions and divestments

In January 2023, we completed the sale of SEIL, which operates two coal-fired plants totalling 2.6GW in India.

In 2023, we announced the acquisitions of renewable energy assets in China, India and Vietnam totalling 765MW.

As of February 2024, the Group has 13.8GW of gross renewable energy capacity installed, secured or under construction, including an acquisition pending completion.

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 46 and 47.

For more information on other environmental metrics, please refer to the Performance Indicators section on page 64.

¹ Car avoidance figures are calculated using the United States Environmental Protection Agency's Greenhouse Gas Equivalencies Calculator

² Values are derived using December 2023 month-end closing exchange rates