




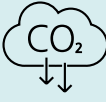


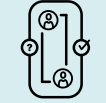




Semcorp's wind asset located in Henan Province, China

Sustainability Report

Our Sustainability Framework	42
Our Approach to Sustainability	44
<ul style="list-style-type: none"> • Reporting Framework • Materiality • Reporting Scope • Assurance • Supporting the Sustainable Development Goals • Sustainability Governance • Sustainability-linked Performance Incentives • Memberships, Associations and Ratings 	
Our Environmental, Social and Governance Priorities	
<ul style="list-style-type: none"> • Climate Action 46 <ul style="list-style-type: none"> – Decarbonisation – Resource Management • Empowering Lives 49 <ul style="list-style-type: none"> – Workforce Transformation – Community Engagement and Investment • Resilient Business 51 <ul style="list-style-type: none"> – Health and Safety – Risk Governance 	
Climate-related Financial Disclosures	53
Supplemental Information	
<ul style="list-style-type: none"> • Performance Indicators 64 • GRI Content Index 68 • Assurance Statement 72 	

Our Sustainability Framework GRI 3-2

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

Material Sustainability Factors	Why This is Material	Sustainability Aspects	2023 Performance ¹					
 <h3>Climate Action</h3>	<p>We acknowledge the scientific consensus that human activities have led to increased greenhouse gas (GHG) emissions and its resulting impact on the planet. As an energy company, we face climate and environmental risks that could potentially impact our bottom line. Conversely, we also have opportunities to drive the growth and development of low-carbon solutions to enable the global energy transition.</p>	 <p>Decarbonisation</p>	Absolute GHG Emissions (Scope 1 and 2)		GHG Emissions Intensity		Gross Installed Renewable Energy Capacity	
		 <p>Resource Management</p>	10.5 million tCO ₂ e 2023	2.7 million tCO ₂ e 2030 Target	0.29 tCO ₂ e/MWh 2023	0.15 tCO ₂ e/MWh 2028 Target	9.4GW 2023	25GW 2028 Target
			Net-zero Emissions 2050 Target					
 <h3>Empowering Lives</h3>	<p>Our communities and employees enable the success of our business. Uplifting communities helps build goodwill and promotes local development, while advancing the capabilities of our employees supports our transformation and growth.</p>	 <p>Workforce Transformation</p>	Number of Employees Upgraded		Operations with Community Development Programmes			
		 <p>Community Engagement and Investment</p>	720 2023	500 2023 Target	89% 2023	100% Ongoing Target		
 <h3>Resilient Business</h3>	<p>In today's dynamic global and macroeconomic environment, we believe that a resilient business requires a robust framework that identifies, manages and mitigates current and emerging risks. These risks include corruption, non-compliance with laws, as well as health and safety. A resilient business undergirds our transformation plan and targets.</p>	 <p>Health and Safety</p>	Work-related Fatalities		Integrated Assurance Framework Implementation Across Key Markets		Employee Completion of Anti-bribery and Corruption Training	
		 <p>Risk Governance</p>	1 Employee 2023	0 Ongoing Target	100% 2023	100% Ongoing Target	100% 2023	100% Ongoing Target

¹ For details and additional context on the data presented, please refer to the corresponding sections in this report

Our Approach to Sustainability

Reporting Framework

The Global Reporting Initiative (GRI) Standards are widely recognised as a framework for sustainability reporting. Our Sustainability Report has been prepared with reference to the GRI Universal Standards 2021, Singapore Exchange Limited (SGX) Listing Rules 711A and 711B, Practice Note 7.6 Sustainability Reporting Guide and SGX Core Environmental, Social and Governance (ESG) Metrics. Our climate-related financial disclosures, which are mandatory with effect from financial year 2023, are guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as well as the CDP Climate Change programme. Our previous Sustainability Report was published in March 2023.

Materiality GRI 2-14 | 3-1

Our materiality assessment process takes guidance from the GRI Standards. Our material sustainability factors are reviewed and endorsed by our Senior Leadership Council (SLC) and the Board of Directors annually.

Stakeholder engagement and relationships are ongoing and dynamic, and closely tied to the context of our partnerships. In recognition of this, we first identified our key stakeholders and their relevant relationship holders within Sembcorp. We then engaged with the relationship holders with the aim of capturing insights into stakeholders' sustainability issues, concerns, and expectations. The responses were aggregated and analysed, and the results indicate that our current material factors and aspects found on pages 42 and 43 remain relevant and crucial to our businesses. We will continue to monitor emerging aspects and trends identified through our engagement process. The material factors and aspects were validated and approved by the board.

Reporting Scope GRI 2-2 | 2-3

Our report provides information on Sembcorp and its subsidiaries and covers the period from January 1 to December 31, 2023.

It excludes operations, joint ventures, partnerships and associates where Sembcorp does not have management and / or operational control, with the exception of GHG emissions data. We report our emissions in accordance with the GHG Protocol using an equity share approach.

New acquisitions and subsidiaries are given one year upon completion to integrate their reporting systems with the Group. Their data will be included in the report once a calendar year of data is available.

Data pertaining to entities divested during the year is excluded from our report. In January 2023, we successfully concluded the sale of Sembcorp Energy India Limited (SEIL), which operates two coal-fired plants, via a deferred payment note. With effect from 2023, the proportional emissions of SEIL will be accounted for and reported under Scope 3 (Category 15 – Investments). Other data sets pertaining to SEIL are not included in this report.

Assurance GRI 2-5

We have engaged DNV Business Assurance Singapore Pte. Ltd. (DNV) to undertake an independent limited assurance of the sustainability information in our report. The Assurance Statement can be found on pages 72 to 75.

Supporting the Sustainable Development Goals

The United Nations (UN) Sustainable Development Goals (SDGs) were adopted by the UN in 2015 as a global development framework that seeks to end poverty, protect the planet and bring about peace and prosperity. The scale and ambition of the SDGs mean they cannot be achieved by governments alone, and require the collective effort of businesses, organisations and society. Sembcorp believes in playing its part to help meet these goals.

In line with our strategic focus as a provider of sustainable solutions, we have adopted SDG 7 (Affordable

and Clean Energy) and SDG 13 (Climate Action) as our priority SDGs. Our strategic targets support these SDGs. We recognise that the SDGs are a holistic framework for sustainable development and will continue to manage other relevant areas to maximise positive impacts while minimising negative ones.



For more information on how we support SDGs 7 and 13, please refer to the Supporting UN Sustainable Development Goals section on Our Approach to Sustainability webpage.

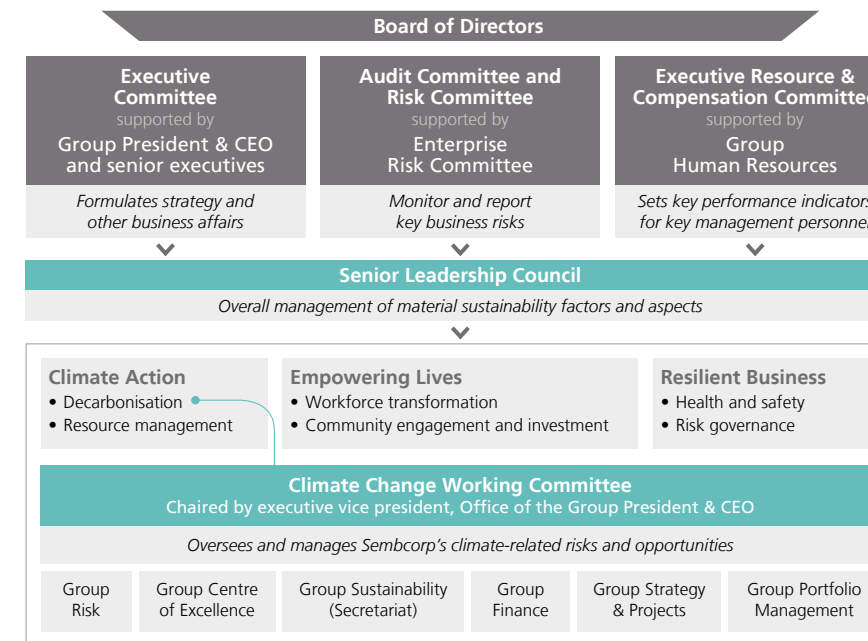
Sustainability Governance

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

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

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

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



For more information on the roles and responsibilities of the board, please refer to the Corporate Governance Statement on pages 76 and 77.

Board statement

Sembcorp's Board of Directors is collectively responsible for the long-term success of the company. The board considers sustainability as part of its business and strategy. It has determined Sembcorp's material ESG factors and exercises oversight in the management and monitoring of its material factors and priorities.

Sembcorp's SLC and Enterprise Risk Committee (ERC) provide strategic direction for managing sustainability-related matters. The committees are chaired by our Group President & CEO and comprise senior executives who are accountable for the management of Sembcorp's material sustainability factors.

The SLC convenes twice a month. Sustainability-related performance and updates are presented to the SLC regularly. Climate-related risks are monitored as part of our ERC platform. The Group Sustainability division leads the integration of sustainability matters for the company and reports to the group chief financial officer.

For more information on our governance of climate-related matters, please refer to the Decarbonisation section on page 46.

Sustainability-linked Performance Incentives

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

For more information on our performance against targets, please refer to the 2023 Performance on page 43.

Memberships, Associations and Ratings GRI 2-28

We participate in industry and trade associations that support the sustainability agenda. Our Group President & CEO serves as Vice Chair, Asia, World Energy Council.

For more information on our memberships and associations, please refer to the Climate-related Financial Disclosures on page 54.



Supporter of the Financial Stability Board's TCFD



A member of the Carbon Pricing Leadership Coalition Singapore since 2020

Participation in sustainability ratings



Maintained CDP Climate Change score of "B" in 2023. A "B" score signifies that the company is taking coordinated action on climate issues



Received a rating of AA in the MSCI ESG Ratings¹ assessment in 2024

GRI 2-3

Sustainability contact

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

¹ The use by Sembcorp Industries of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Sembcorp Industries by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI

Our ESG Priorities: Climate Action

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

Why this is material The energy sector contributes to almost 40% of global emissions¹. Decarbonisation of this sector is critical to reducing GHG emissions and limiting global warming. We recognise our role in driving the collective transition towards a lower-carbon economy.

Our approach The drive to decarbonise is our focus and priority. In 2023, we refreshed our brown to green transformation strategy and set targets to accelerate our renewables growth and further lower emissions intensity by 2028.

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

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

We recognise the interlinkage and impact of climate change on biodiversity and have established an early detection process to assess environmental and social risk. Our environmental and social risk screening process is integrated into our investment approval process, and key risks are assessed to inform investment decisions.

For more information on our climate-related risks and opportunities, please refer to the Climate-related Financial Disclosures on pages 60 and 61.

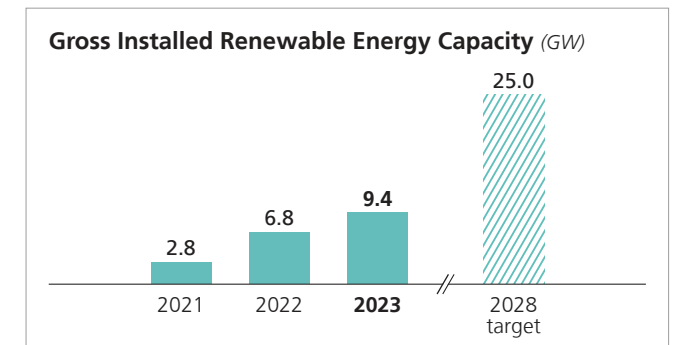
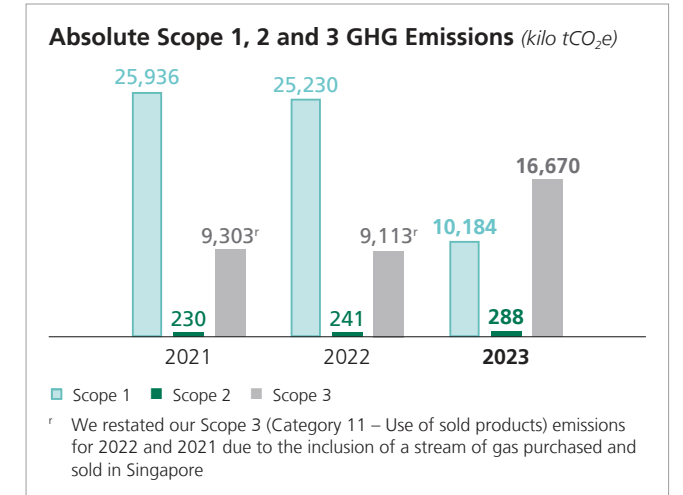
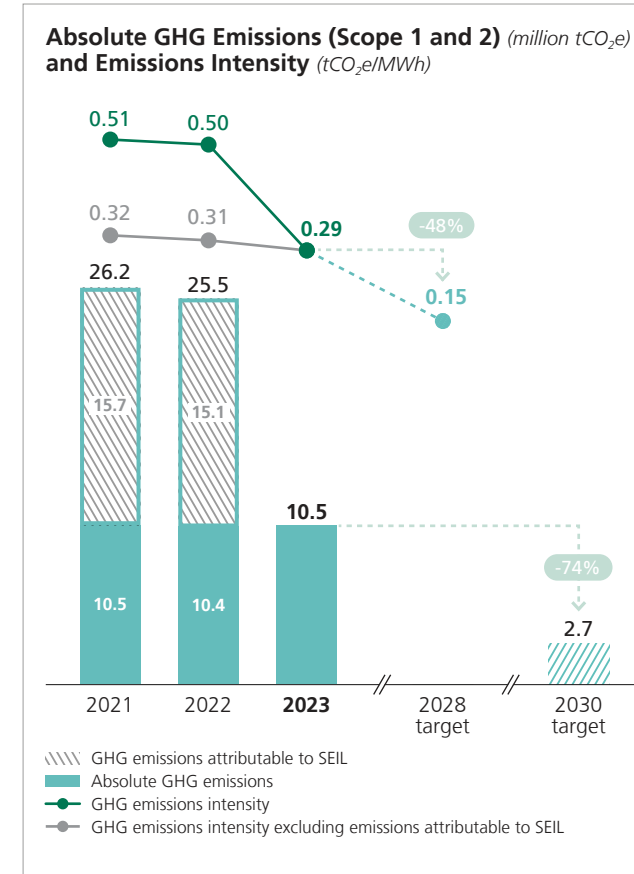
- Our frameworks and policies**
- Climate Action Plan
 - Group Health, Safety, Security and Environment (HSSE) Policy Statement
 - Group Internal Carbon Pricing Framework

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

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

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

- Our performance**
- Our gross installed renewable energy capacity² grew from 6.8GW in 2022 to 9.4GW in 2023. As at December 31, 2023, our global energy portfolio mix, based on gross installed capacity, stands at 43% gas and related services and 57% renewable energy.
 - GHG emissions intensity³ reduced to 0.29 tonnes of carbon dioxide equivalent per megawatt-hour (tCO₂e/MWh) and absolute GHG emissions (Scope 1 and 2) reduced to 10.5 million tCO₂e mainly due to the divestment of SEIL⁴. The reduction in GHG emissions intensity was also driven by an increase in renewable energy generation.
 - Scope 3 emissions⁵ increased by 83% to 16.7 million tCO₂e mainly due to the inclusion of proportional emissions of SEIL under Category 15 – Investments.
 - We maintained our CDP Climate Change score of "B" in 2023.
 - In 2023, over 70 environmental and social risk screenings have been conducted for potential investment projects.



Sustainable finance: annual update 2023

In August 2021, Sembcorp launched its Sustainable Financing Framework (SFF). DNV provided a second party opinion, confirming alignment of the framework with the Sustainability-linked Bond Principles 2020 and Sustainability-linked Loan Principles 2021.

The framework outlines three KPIs – KPI 1: GHG emissions intensity, KPI 2: GHG absolute emissions and KPI 3: Gross installed renewable energy capacity². The sustainability-linked loans and sustainability-linked bond issuances cover KPI 1 and KPI 3 and the performance of both KPIs have been externally reviewed by DNV. In 2023, we met the target for KPI 1 ahead of the target year of 2025. For KPI 3, we have achieved 9.4GW of gross installed renewable energy capacity², which is close to the target of 10GW by 2025. Our gross renewable energy capacity installed, secured or under construction, including acquisitions pending completion, stands at 12.9GW as at December 31, 2023.

For more information on SFF, Second Party Opinion and Independent Limited Assurance Report, please refer to the Sustainable Financing section on Creating Shareholder Value webpage.

Performance against Sustainability Performance Targets (SPTs) as at December 31, 2023

KPIs	2020 Baseline	2023 Performance	2025 SPTs
KPI 1: GHG emissions intensity (tCO ₂ e/MWh)	0.54	0.29	0.40
KPI 3: Gross installed renewable energy capacity ² (GW)	2.6	9.4	10.0

¹ World Energy Outlook 2023 report

² Gross installed renewable energy capacity refers to gross 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

³ 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

⁴ The sale of SEIL, which operates two coal-fired plants, was completed in January 2023

⁵ Indirect (Scope 3) GHG emissions reported are for our most relevant and material categories: Fuel- and energy-related activities (Category 3), Use of sold products (Category 11), and Investments (Category 15)

Our ESG Priorities: Climate Action

Resource Management GRI 3-3 | 302-3

Why this is material As a leading provider of energy, water and urban development solutions, our business activities consume resources such as fuel and water, and generate waste. Our commitment to sustainability demands that we take strong stewardship in the use of such increasingly scarce resources and in our management of waste.

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

For waste management, we adopt the principles of prevent, reduce, reuse, recycle and recover. We seek to implement solutions that support a circular economy in our operations and that of our customers.

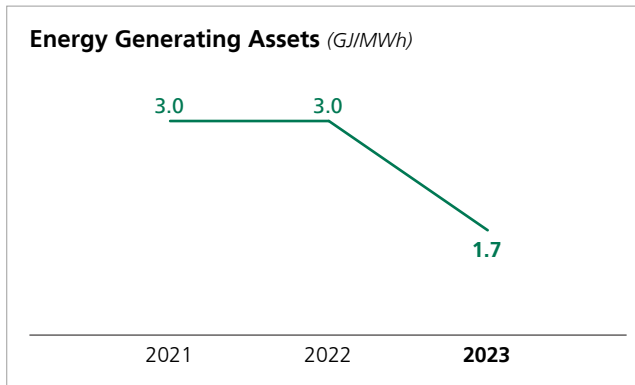
Our frameworks and policies	<ul style="list-style-type: none"> Group HSSE Policy Sembcorp Environmental Reporting Standard Sembcorp Environmental Management Standard 	Reference frameworks	<ul style="list-style-type: none"> International Organisation for Standardisation (ISO) 14001¹ ISO 50001
------------------------------------	--	-----------------------------	---

Our governance The Group Centre of Excellence (GCOE) division oversees resource management. The management of this aspect is guided by the Sembcorp Environmental Management Standard. GCOE together with the Group HSSE division ensures the compliance of this standard through internal audits. Regular updates to the SLC include both quarterly updates on emissions intensity and monthly updates on plant performance.

Our performance The energy intensity² of our energy generating assets decreased to 1.7 gigajoules per megawatt-hour (GJ/MWh) in 2023. The decrease is mainly due to the divestment of SEIL.

For more information on our energy optimisation projects, please refer to the Climate-related Financial Disclosures on page 62.

For more information on our energy, water and waste performance data, please refer to the Performance Indicators section on page 64.



¹ For the coverage of sites certified, please refer to the Memberships, Certifications and Ratings section on Our Approach to Sustainability webpage
² For computation of energy intensity, we take into account fuel, electricity and heating consumed by energy generating assets

Our ESG Priorities: Empowering Lives

Workforce Transformation GRI 3-3 | 404-1

Why this is material In the fast-evolving energy transition landscape, employees equipped with the right competencies and experience position us to capture opportunities while meeting the energy needs of our stakeholders securely, accessibly and affordably.

Our approach Our Talent Management Framework undergirds our approach to building a workforce to advance the energy transition. We leverage Sembcorp Academy, a fully integrated blended learning platform, to accelerate people development and scale learning and skill-building. Our digital-forward approach, coupled with bite-sized learning modules, enables our workforce to access learning at their own pace, style and preference, anytime and anywhere. We also enable employee professional growth through job rotations, on-the-job training programmes and various project assignments to broaden their depth and breadth of experience.

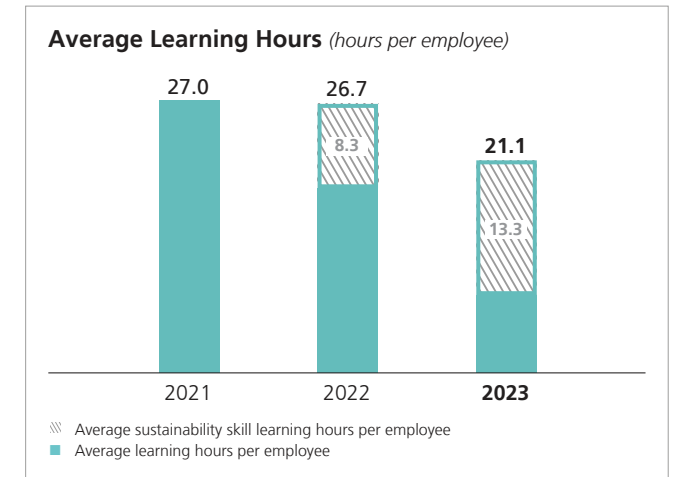
Our Upskill initiative provides our employees and partners with access to a comprehensive range of sustainability-related modules via Sembcorp Academy. It is mandatory for all employees to complete sustainability-related courses relevant to their jobs. Our Upgrade initiative supports eligible employees through a formal certification programme. Both these initiatives holistically promote the development of workforce skills competencies for Sembcorp and the energy sector.

Our frameworks and policies	<ul style="list-style-type: none"> Code of Conduct Talent Management Framework Learning and Development Policy Diversity and Inclusion Policy Whistleblowing Policy Employee Grievance Handling Policy 	Reference frameworks	<ul style="list-style-type: none"> UN Universal Declaration of Human Rights Singapore's Tripartite Guidelines on Fair Employment Practices
------------------------------------	--	-----------------------------	--

Our governance The Group Human Resources division oversees talent management and development, as well as employee total rewards and its related frameworks. These frameworks were shared with and approved by the board's ERCC. The Group Human Resources division also manages human rights and labour standards related topics.

Our performance

- In 2023, we achieved an average of 21.1 learning hours per employee, of which 63% comprised sustainability skill learning hours³. Sustainability skill learning hours per employee increased by 60% from 2022, arising from the mandatory requirement for sustainability-focused learning relevant to job functions.
- In 2023, a total of 720 employees have been upgraded through formal certifications, surpassing our 2023 target to upgrade 500 employees.



³ A sustainability skill module provides practical training for employees, enabling them to undertake work for a sustainable product line or service, or develop skills to embed sustainability in their existing functions. Modules include topics such as Wind Resource Assessment and Site Identification for wind project engineers, as well as Green and Sustainable Financing Fundamentals for finance division employees

Our ESG Priorities: Empowering Lives

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

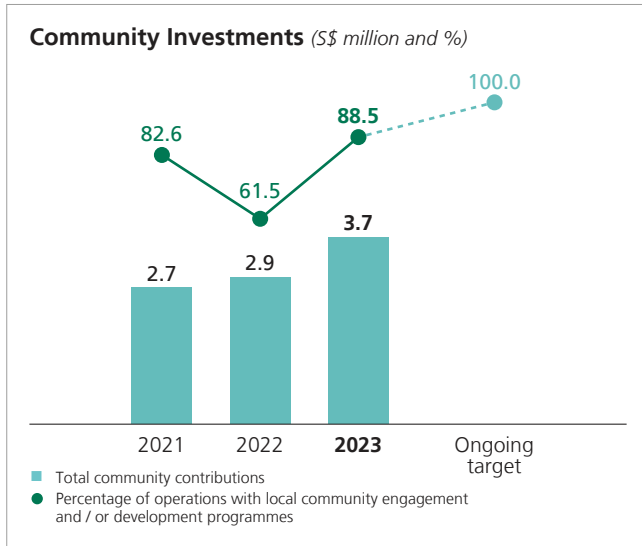
Why this is material Uplifting our communities helps build goodwill and promotes local development, which will support the ongoing acceptance of our continued operations, business growth and energy transition goals.

Our approach Our community investment strategy strives to advance SDG 7 (Affordable and Clean Energy), which aims to ensure access to affordable, reliable, sustainable and modern energy. At Sembcorp, we endeavour to make the energy transition an inclusive one. For communities with no direct access to green technologies and capabilities, we seek to provide them with the support to enable their access to sustainability programmes. Our local market operations are well-placed to understand the needs of the community and forge partnerships with local stakeholders. As such, our market teams manage community assessments, engagement programmes and contributions locally, while aligning with group strategic frameworks and guidelines.

- | | |
|--|--|
| <p>Our frameworks and policies</p> <ul style="list-style-type: none"> • Code of Conduct • Group Community Investment Guidelines • Group Community Investment and Sponsorship Compliance Policy • Group Community Grievance Management Policy • Group Know-your-counterparties Policy | <p>Reference frameworks</p> <ul style="list-style-type: none"> • AA1000 Stakeholder Engagement Standard • Business for Societal Impact Framework and Guidance |
|--|--|

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

- Our performance**
- In 2023, Sembcorp contributed S\$3.7 million in cash and in-kind donations to charities and community initiatives globally:
 - Over S\$2.6 million were mandatory¹ contributions, of which 7% were invested in SDG 7-aligned projects.
 - Over S\$1 million were voluntary² contributions, of which 54% were invested in SDG 7-aligned projects.
 - Over S\$14,000 were leveraged³ contributions, benefitting a range of charitable causes.
 - Our contributions towards SDG 7-aligned projects since 2022 made the following impact in 2023:
 - Deployment of 238 kilowatt-peak of renewable energy capacity for over 30 community facilities.
 - Generation of 108,000 kilowatt-hours of solar energy, which is equivalent to our community partners avoiding approximately 90,000 kilogram of carbon dioxide equivalent of GHG emissions⁴.
 - 88.5% of our operations supported charities and communities through local community engagement and / or development programmes in 2023. We stay committed to meeting our 100% target.



¹ Mandatory contributions are community activities that we undertook in response to the requirements of law, regulation or contract
² Voluntary contributions are community activities which we voluntarily undertook
³ Leveraged contributions are contributions raised through our employee-matched funding programmes
⁴ 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 of the respective solar power systems

Our ESG Priorities: Resilient Business

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

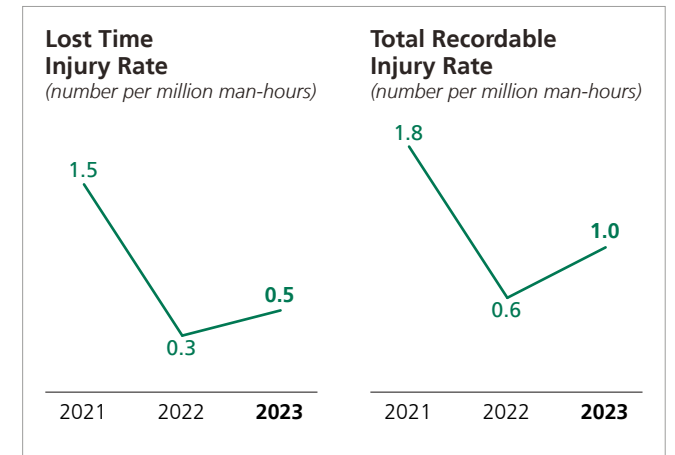
Why this is material The nature of our operations involves exposure to health and safety risks, where any lapse in protocols could result in direct or indirect impact on our employees, communities, contractors and customers. It is why we are committed to having a robust health and safety management system that is supported by strong implementation and monitoring, to mitigate any risk of unintended impact on people, minimise operational disruptions and improve business resilience.

Our approach We recognise the right to life, health and safe working conditions, and are committed to reducing health and safety risks in our operations. We believe that most incidents are preventable. It is our responsibility to ensure that our employees are equipped with the right skills and tools to work safely. We also require our contractors to comply with our health and safety requirements to prevent and manage health and safety risks. Our Group HSSE management system is internally audited and conforms to the relevant Occupational Health and Safety Assessment Series and ISO Standards, and applies to all employees. We expect our contractors, vendors and suppliers working within or at project sites outside our facilities to conform to our Group HSSE management system.

- | | |
|--|---|
| <p>Our frameworks and policies</p> <ul style="list-style-type: none"> • Group HSSE Policy • Group HSSE Management Framework | <p>Reference frameworks</p> <ul style="list-style-type: none"> • ISO 45001⁵ • International Association of Oil and Gas Producers (IOGP) Global Safety Performance Indicators • US National Institute for Occupational Safety and Health (NIOSH) Guidelines |
|--|---|

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

Our performance Regrettably, there was one incident of work-related fatality which occurred at one of our project sites in Indonesia during the year. A thorough investigation has been carried out, following which corrective measures have been implemented to prevent recurrence. Additionally, there was an increase in lost time injury rate and total recordable injury rate, attributed to an increase in the number of minor injury cases and an overall decrease in man-hours worked. We have instituted targeted initiatives to enhance the identification and mitigation of unsafe conditions or actions at our operations and project sites.



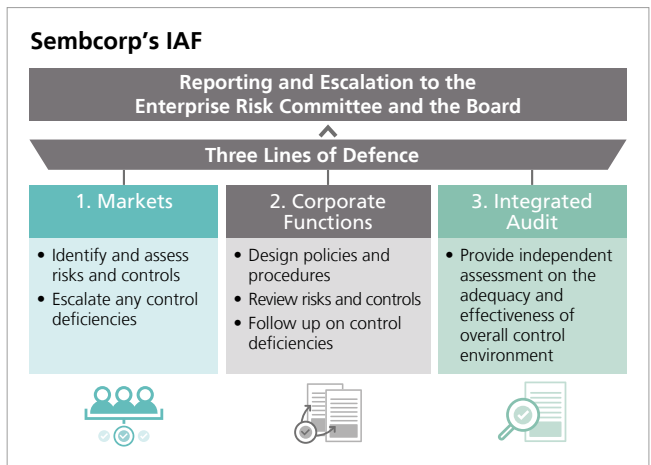
⁵ For the coverage of sites certified, please refer to the Memberships, Certifications and Ratings section on Our Approach to Sustainability webpage

Our ESG Priorities: Resilient Business

Risk Governance GRI 3-3 | 205-2

Why this is material In today's complex and volatile operating landscape, the range of risks that businesses are exposed to is dynamic. Having robust risk governance is instrumental in protecting and strengthening our business resilience.

Our approach The Group Risk division drives IAF processes, which include quarterly reporting of key risks. Our market teams conduct a quarterly review of their key risks including, climate-related risks, using a likelihood-impact matrix, and provide performance updates to the respective corporate functions.



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

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

For more information on our principal risks and our approach to managing them, please refer to the Corporate Governance Statement on pages 87 and 88.

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

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

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

For more information on the roles and responsibilities of the board committees, please refer to the Corporate Governance Statement on pages 77 and 78.

- Our performance**
- 100% of our key markets¹ implemented the IAF in 2023.
 - 100% of our employees² received ABC training.
 - 100% of our employees² acknowledged compliance to the Code of Conduct in 2023.

¹ Coverage follows the reporting scope of this Sustainability Report

² Refers to employees as at October 31, 2023. New hires are given more time to complete ABC training and to acknowledge compliance to the Code of Conduct as part of their onboarding

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.

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

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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

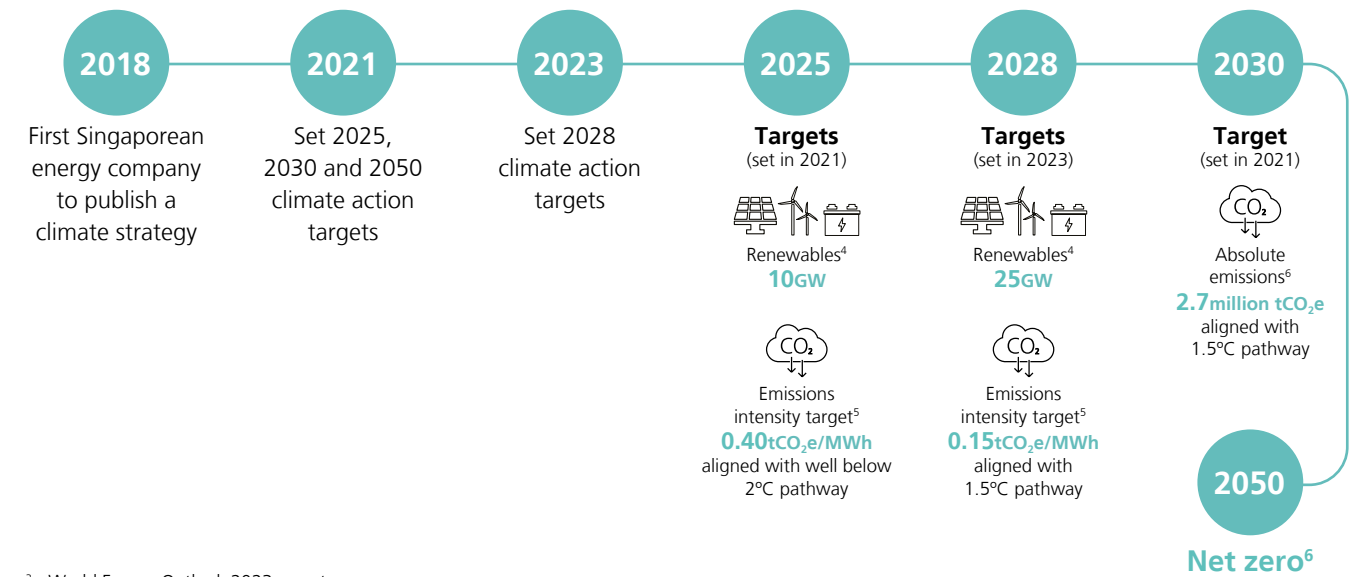
Change (IPCC) Sixth Assessment Report (AR6) and the Network for Greening the Financial System (NGFS). These scenarios are hypothetical constructs and should not be mistaken for forecasts or predictions. Accordingly, there is no assurance that the scenario modelling or assessments presented in this report 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

Climate-related Financial Disclosures

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

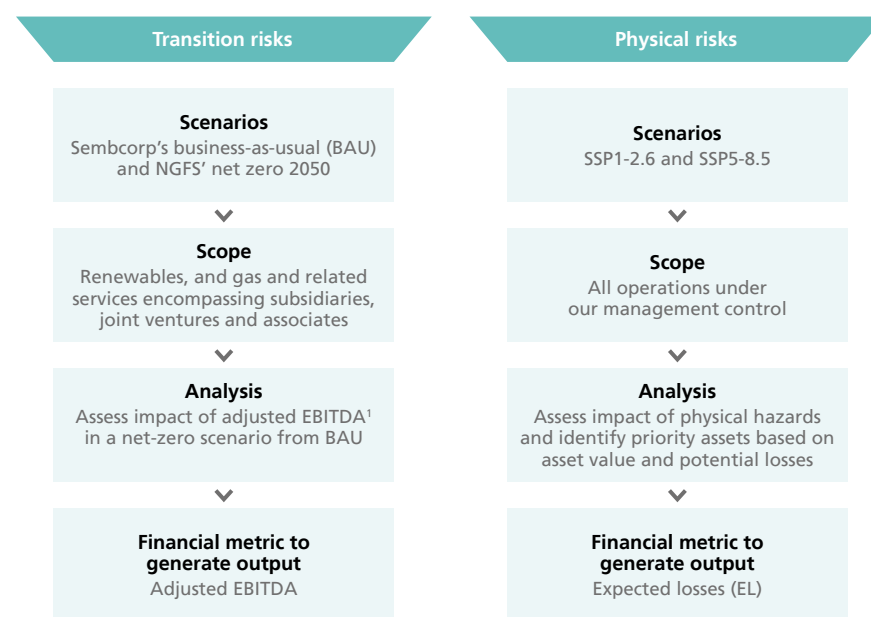
Climate-related Financial Disclosures

Strategy

TCFD recommendations

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

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

Climate-related Financial Disclosures

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

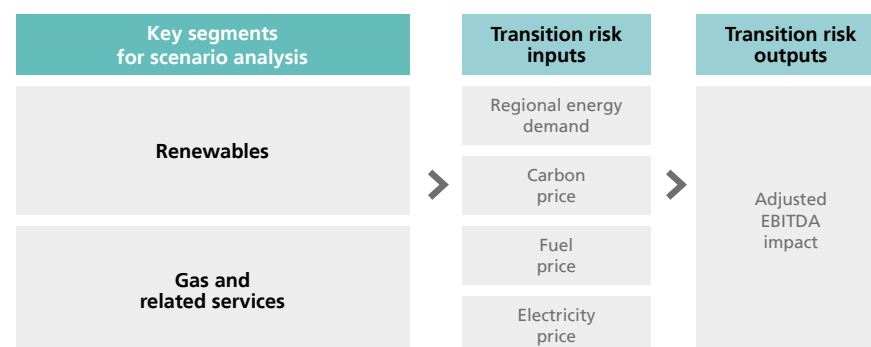


Figure 3: Adjusted EBITDA impact in 2030 in a net-zero scenario from BAU

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

Climate-related Financial Disclosures

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

Climate-related Financial Disclosures

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.



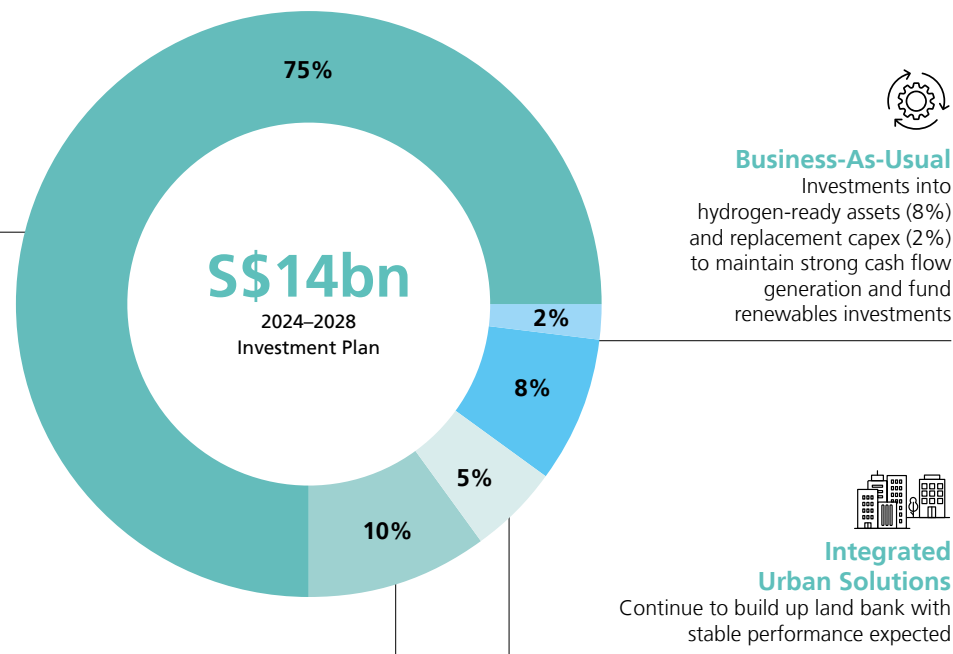
Renewables

Continue to grow in key markets



Decarbonisation Solutions

Explore and expand offerings on decarbonisation solutions for growth beyond 2028



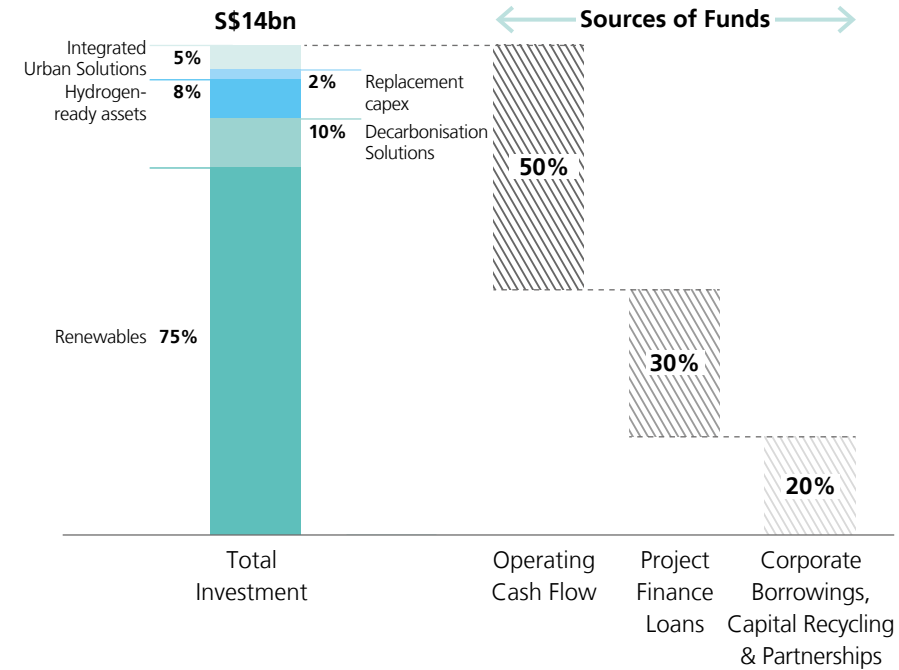
Business-As-Usual

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

Performance Indicators

Climate Action

	Unit	2023	2022	2021	GRI
Decarbonisation					
GHG emissions¹					
Scope 1 emissions ²	ktCO ₂ e	10,183.9	25,229.9	25,936.3	305-1
Biogenic emissions ³	ktCO ₂	563.3	543.0	502.2	305-1
Scope 2 emissions ⁴	ktCO ₂ e	288.1	241.3	229.9	305-2
Scope 3 emissions ⁵	ktCO ₂ e	16,669.8	9,112.6 ^{r1}	9,303.1 ^{r1}	305-3
Category 3 – Fuel- and energy-related	ktCO ₂ e	2,559.9	4,087.1	4,344.1	
Category 11 – Use of sold products	ktCO ₂ e	3,571.8	5,025.5 ^{r1}	4,959.0 ^{r1}	
Category 15 – Investments	ktCO ₂ e	10,538.1	–	–	
GHG emissions intensity ⁶	tCO ₂ e/MWh	0.29	0.50	0.51	305-4
Atmospheric emissions					305-7
Nitrogen oxides (NOx)	kt	1.8	16.8	21.6	
Sulfur oxides (SOx)	kt	0.5	48.6	49.7	
Renewables capacity					
Gross installed renewable energy capacity ⁷	GW	9.4	6.8	2.8	Non-GRI
Resource management					
Energy					
Total energy consumption within Sembcorp ⁸	PJ	75.5	170.9	180.2	302-1
Total energy consumption within energy generating assets	PJ	54.6	151.4	159.6	
Energy intensity of our energy generation assets ⁹	GJ/MWh	1.7	3.0	3.0	302-3
Water					
Water consumption within Sembcorp					303-5
All areas (total)	ML	18,582.8	56,280.4	52,224.0	
Stressed areas	ML	10,601.0	49,284.8	40,428.1	
Freshwater consumption intensity for energy generating assets ¹⁰	m ³ /MWh	0.21	0.13	–	Non-GRI
Waste					
Waste generation within Sembcorp	kt	141.2	2,696.6	2,391.6	306-3
Non-hazardous waste	kt	92.1	2,650.8	2,354.3	306-3
Ash	kt	56.8	2,615.9	2,307.2	
Operations and maintenance waste	kt	0.7	3.1	3.8	
Sludge	kt	29.9	30.3	42.6	
Others	kt	4.7	1.5	0.7	
Hazardous waste	kt	49.1 ^{r1}	45.8	37.3	306-3
Operations and maintenance waste	kt	18.1	18.5	14.5	
Ash	kt	14.1	10.8	9.7	
Sludge	kt	15.6	16.0	12.7	
Oil and chemical waste	kt	0.9	0.3	0.4	
Electronic waste	kt	0.01	0.03	0.03	
Others	kt	0.5	0.2	0.0	

Measurement units:
ktCO₂e: kilotonnes of carbon dioxide equivalent
ktCO₂: kilotonnes of carbon dioxide
tCO₂e/MWh: tonnes of carbon dioxide equivalent per megawatt-hour
kt: kilotonnes
GW: gigawatt
PJ: petajoules or 1,000,000 GJ
GJ/MWh: gigajoule per megawatt-hour
ML: megalitres or 1000m³
m³/MWh: cubic metres per megawatt-hour

“–”: Data not available / disclosed
¹ GHG and biogenic emissions data is reported using an equity share approach. Atmospheric emissions data is reported using an operational control approach. Formulas and emission factors used are from:
ⁱ Baseline Emission Factors of China’s Regional Power Grid
ⁱⁱ Central Electricity Authority of India
ⁱⁱⁱ Energy Market Authority, Singapore
^{iv} Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Chinese Chemical Manufacturers

^v International Energy Agency 2023
^{vi} IPCC Guidelines for National Greenhouse Gas Inventories
^{vii} UK Department for Environment, Food and Rural Affairs GHG Conversion Factors for Company Reporting 2023
^{viii} Financed emissions standard by the Partnership for Carbon Accounting Financials
² Direct (Scope 1) GHG emissions data covers entities that produce GHGs from fossil fuel combustion in our Gas and Related Services and Integrated Urban Solutions segments. The data excludes emissions from our anaerobic wastewater

Empowering Lives

	Unit	2023	2022	2021	GRI
Workforce transformation¹²					
Employment					
Number of employees	number	5,063	5,619	5,633	2-7
Male	number %	3,980 78.6	4,579 81.5	4,646 82.5	
Female	number %	1,083 21.4	1,040 18.5	987 17.5	
Breakdown of employees by age group ¹³					405-1
<30 years	%	15.6	14.0	15.9	
30–49 years	%	60.0	60.2	57.6	
≥50 years	%	24.5	25.7	26.5	
Percentage of Females					405-1
Senior management ¹⁴	%	21.0	20.0	23.4	
Board of directors	%	20.0	11.1	10.0	
New hires	number %	1,069 21.5	911 16.2	823 14.6	401-1
New hires by gender ¹⁵					401-1
Male	%	20.6	15.3	14.1	
Female	%	24.8	20.6	16.0	
New hires by age group ¹⁵					401-1
<30 years	%	43.1	36.3	29.1	
30–49 years	%	20.9	16.2	13.3	
≥50 years	%	7.6	5.3	8.7	
Employee turnover ^{16, r2}	number %	1,024 20.6	965 17.2	988 17.3	401-1
Turnover rate by gender ^{17, r2}					401-1
Male	%	21.2	17.3	17.1	
Female	%	18.2	16.9	18.3	
Turnover rate by age group ^{17, r2}					401-1
<30 years	%	19.0	25.6	19.1	
30–49 years	%	17.1	14.9	16.6	
≥50 years	%	28.7	17.9	18.6	

treatment plants and maintenance and servicing equipment. With effect from January 2023, the proportional emissions of SEIL will be accounted for under Scope 3 (Category 15 – Investments)
³ Biogenic emissions from the combustion of biomass are reported separately, in line with GRI Standards
⁴ Energy indirect (Scope 2) GHG emissions include location-based data for all our Integrated Urban Solutions, Gas and Related Services, Renewables and Decarbonisation Solutions segments. In Singapore, our operations purchase energy from our own assets; to avoid double counting, the emissions resulting from these have been accounted for under Scope 1 GHG emissions
⁵ Indirect (Scope 3) GHG emissions reported are for our most relevant and material categories: Fuel- and energy-related activities (Category 3), Use of sold products (Category 11), and Investments (Category 15)
^{r1} We restated our Scope 3 (Category 11 – Use of sold products) emissions for 2022 and 2021 due to the inclusion of a stream of gas purchased and sold in Singapore
⁶ 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
⁷ 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
⁸ Total energy consumption within Sembcorp is calculated using fuel consumption (natural gas, waste, biomass, fuel oil, diesel and petrol) + energy purchased for consumption + self-generated electricity (renewables) – total energy sold
⁹ Energy intensity is calculated using energy consumed (within the organisation) as the numerator (GJ), and gross energy generated (MWh) as the denominator
¹⁰ Freshwater consumption intensity for energy generating assets is calculated using total freshwater consumption as the numerator, and total energy generated as the denominator.

Freshwater includes municipal water supply, surface water and groundwater; and excludes seawater
¹¹ Total does not add up as they are rounded to the nearest decimal place
¹² Workforce transformation data relates to permanent and contract employees of Sembcorp and its subsidiaries
¹³ Percentages does not add up to 100% as they are rounded to the nearest one decimal place
¹⁴ Senior management is defined as employees with designation of senior vice president and above
¹⁵ New hires by gender and age group is the percentage of new hires by gender / age group over the total number of employees in the respective gender / age group category.
¹⁶ Employee turnover covers both voluntary and involuntary turnover
¹⁷ We restated our employee turnover figures and the breakdowns by gender and by age group for 2022 and 2021 due to a system data aggregation error
¹⁷ Rate of employee turnover by gender and age group is the percentage of employee turnover by gender / age group over the total number of employees in the respective gender / age group category

Performance Indicators

Empowering Lives (cont'd)

	Unit	2023	2022	2021	GRI
Workforce transformation (cont'd)					
Training and education					
Average learning hours per employee	hours per employee	21.1	26.7	27.0	404-1
Male	hours per employee	19.1	26.4	26.8	
Female	hours per employee	21.6	27.8	27.6	
Average sustainability skill learning hours per employee ¹⁸	hours per employee	13.3	8.3	–	Non-GRI
Number of employees upgraded ¹⁹	number	720	–	–	Non-GRI
Community engagement and investment					
Community investments	S\$ million	3.7	2.9	2.7	201-1
Operations with local community engagement and / or development programmes	%	88.5	61.5	82.6	413-1

Resilient Business

	Unit	2023	2022	2021	GRI
Health and safety²⁰					
Work-related injuries and ill health					
Work-related fatalities	number	1	0	0	403-9
Employee	number	1	0	0	
Contractor	number	0	0	0	
High-consequence injury cases	number	0	0	0	403-9
Employee	number	0	0	0	
Contractor	number	0	0	0	
Lost work-day cases ²¹	number	15	9	45	403-9
Employee	number	9	5	34	
Contractor	number	6	4	11	
Occupational diseases	number	0	0	0	403-10
Employee	number	0	0	0	
Contractor	number	0	0	0	
Fatal accident rate ²²	per million man-hours	0.04	0.00	0.00	403-9
Employee	per million man-hours	0.08	0.00	0.00	
Contractor	per million man-hours	0.00	0.00	0.00	
Lost time injury rate ²³	per million man-hours	0.5	0.3	1.5	403-9
Employee	per million man-hours	0.7	0.3	2.4	
Contractor	per million man-hours	0.4	0.2	0.7	
Total recordable injury rate ²⁴	per million man-hours	1.0	0.6	1.8	403-9
Employee	per million man-hours	1.3	0.6	2.8	
Contractor	per million man-hours	0.8	0.5	0.9	
Occupational disease rate	per million man-hours	0.0	0.0	0.0	403-10
Employee	per million man-hours	0.0	0.0	0.0	
Contractor	per million man-hours	0.0	0.0	0.0	
Number of man-hours worked	million man-hours	28.4	33.9	30.3	403-9
Employee	million man-hours	13.0	15.8	14.1	
Contractor	million man-hours	15.4	18.1	16.2	

Resilient Business (cont'd)

	Unit	2023	2022	2021	GRI
Risk governance					
IAF implementation across key markets ²⁵	%	100	100	–	Non-GRI
Total number and monetary value of significant ²⁶ fines that were paid during the reporting period	number S\$ thousands	2 560²⁷	6 9,600 ²⁸	2 8,500	2-27
Operations ²⁵ assessed for risks related to corruption	%	100	100	–	205-1
Employee ²⁹ completion of anti-bribery and corruption (ABC) training	%	100	100	–	205-2
Confirmed incidents of corruption	number	0	0	–	205-3

“-”: Data not available / disclosed

¹⁸ A sustainability skill module provides practical training for employees, enabling them to undertake work for a sustainable product line or service, or develop skills to embed sustainability in their existing functions. Modules include topics such as Wind Resource Assessment and Site Identification for wind project engineers, as well as Green and Sustainable Financing Fundamentals for finance division employees

¹⁹ Employees upgraded refers to employees who completed formal certification programmes with the support of the company

²⁰ Group Health and Safety Performance is reported and recorded in accordance with the reporting requirements defined in the Group HSSE Health and Safety Performance Reporting Standards. The principles adopted in our standards are consistent with the general principles of the GRI Standards, the IOGP Reporting Standards, and guidelines by the US NIOSH. Occupational health and safety data covers employees and contractors in our operational assets and assets under construction. It also includes data from administrative offices

²¹ Lost work-day count begins the day after the onset of the accident. "Day" refers to calendar day.

It includes high-consequence work-related injuries, which refer to injuries that result in permanent disability and / or injuries that require long-term follow up such as physiotherapy treatment and where the individual is not expected to recover fully to pre-injury health status within six months

²² Fatal accident rate is defined as the number of fatalities per 100 million man-hours worked

²³ Lost time injury rate is defined as the number of fatalities and lost work-day cases per million man-hours worked

²⁴ Total recordable injury rate is defined as the number of fatalities, lost work-day cases, medical treatment cases, and restricted work cases per million man-hours worked

²⁵ Refers to Group's operations in key markets. Coverage follows the reporting scope of this Sustainability Report

²⁶ Refers to fines that are equal to or above S\$50,000 that are paid during the financial year

²⁷ Consists of a contribution of approximately S\$485,000 by our UK waste-to-resource operations to a wildlife trust alongside a commitment to implement improvements in respect of certain internal procedures and

processes which the company has completed. This is a settlement in relation to a 2021 investigation of the misclassification of bottom ash waste. The regulator concluded that there was no actual pollution arising from the misclassification. There will also be an additional recovery cost of approximately S\$6,000

The remaining S\$75,000 of the reported amount pertains to a fine incurred by our solid waste management operations in Singapore in 2023 due to a failure to meet contractual obligations outlined by the regulator. Remediation actions were implemented to prevent any such incident in the future

²⁸ Consists of final tranche payment of approximately S\$7.8 million pertaining to a S\$44 million civil settlement arising from the discharge of off-specification wastewater by Sembcorp's 98.42% joint venture wastewater treatment company in China, as disclosed in our Annual Reports 2019, 2020, 2021 and 2022. The remaining S\$1.8 million pertains to value-added tax related penalties in China

²⁹ Refers to employees as at October 31, 2023. New hires are given more time to complete ABC training as part of their onboarding

GRI Content Index

Sembcorp Industries has reported the information cited in this GRI content index for the period January 1 to December 31, 2023 with reference to the GRI Standards.

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

✔ Assured by KPMG as part of the review of Sembcorp’s financial statements. The Independent Auditor’s Report can be found on pages 103 to 108.

✔ Assured by DNV as part of the independent limited assurance of the Sustainability Report 2023. The Assurance Statement can be found on pages 72 to 75.

General Disclosures

GRI standard	Disclosure reference	Description title	Disclosure	Page(s)	External assurance
GRI 1: Foundation 2021			Sustainability Report 2023	41–71	
The organisation and its reporting practices					
GRI 2: General disclosures 2021	2-1	Organisational details	Legal Name	120	✔
			Nature of Ownership and Legal Form	120	✔
			Location of Headquarters	120	✔
			Geographical Segments	127	✔
			Our Businesses		
2-2	Entities included in the organisation’s sustainability reporting	Our Approach to Sustainability: Reporting Scope	44		
		Notes to the Financial Statements: Our Group Structure	206–211		
2-3	Reporting period, frequency and contact point	Our Approach to Sustainability: Reporting Scope	44		
		Annual Reporting Cycle			
		Published on 1 April 2024			
		Our Approach to Sustainability: Sustainability Contact	45		
2-4	Restatements of information	Supplemental Information: Performance Indicators	65		
		Contact Us			
2-5	External assurance	Our Approach to Sustainability: Assurance	44		
		Supplemental Information: Assurance Statement	72–75		
GRI G4 Electric utilities disclosures	EU1	Installed capacity, broken down by primary energy source and by regulatory regime	Sembcorp Industries: Power Generation Assets		
Activities and workers					
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	About Us		
			Our Businesses		
			Our Global Renewables Portfolio	4–5	
			Acquisition and Disposal of Subsidiaries	217–224	
2-7	Employees	Supplemental Information: Performance Indicators	65	✔	

GRI standard	Disclosure reference	Description title	Disclosure	Page(s)	External assurance
Governance					
GRI 2: General disclosures 2021	2-9	Governance structure and composition	Our Approach to Sustainability: Sustainability Governance	44–45	
			Board of Directors	36–39	
	2-10	Nomination and selection of the highest governance body	Corporate Governance Statement	76–93	
			Corporate Governance Statement	76–93	
	2-11	Chair of the highest governance body	Board of Directors	36–39	
	2-12	Role of the highest governance body in overseeing the management of impacts	Our Approach to Sustainability: Sustainability Governance	44–45	
	2-13	Delegation of responsibility for managing impacts	Our Approach to Sustainability: Sustainability Governance	44–45	
			Climate-related Financial Disclosures 2023	54	
	2-14	Role of the highest governance body in sustainability reporting	Our Approach to Sustainability: Materiality	44	
			Our Approach to Sustainability: Sustainability Governance	44–45	
	2-16	Communication of critical concerns	Whistleblowing Policy		
	2-17	Collective knowledge of the highest governance body	Corporate Governance Statement	76–81	
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance Statement	78	
2-19	Remuneration policies	Corporate Governance Statement	82–86		
2-20	Process to determine remuneration	Corporate Governance Statement	82–86		
2-26	Mechanisms for seeking advice and raising concerns	Whistleblowing Policy			
Strategy, policies and practices					
GRI 2: General disclosures 2021	2-22	Statement on sustainable development strategy	Chairman and CEO’s Statement	10–13	
	2-23	Policy commitments	Code of Conduct		
	2-27	Compliance with laws and regulations	Supplemental Information: Performance Indicators	67	✔
2-28	Membership of associations	Memberships, Certifications and Ratings			
		Our Approach to Sustainability: Memberships, Associations and Ratings	45		
Stakeholder engagement					
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	Stakeholder Engagement		
			Corporate Governance Statement	92	
Material topics					
GRI 3: Material topics 2021	3-1	Process to determine material topics	Our Approach to Sustainability: Materiality Sustainability Framework	44	✔
3-2	List of material topics	Our Sustainability Framework	42–43		

GRI Content Index

Material Sustainability Factors

GRI standard	Disclosure reference	Description title	Disclosure	Page(s)	External assurance
Decarbonisation					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Climate Action	46	
GRI 201: Economic performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	Climate Action Plan Climate-related Financial Disclosures 2023	55–63	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Our ESG Priorities: Climate Action Supplemental Information: Performance Indicators	46–47 64	✔
	305-2	Energy indirect (Scope 2) GHG emissions	Our ESG Priorities: Climate Action Supplemental Information: Performance Indicators	46–47 64	✔
	305-3	Other indirect (Scope 3) GHG emissions	Our ESG Priorities: Climate Action Supplemental Information: Performance Indicators	46–47 64	✔
	305-4	GHG emissions intensity	Our ESG Priorities: Climate Action Supplemental Information: Performance Indicators	46–47 64	✔
	305-7	Nitrogen oxides and sulfur oxides	Supplemental Information: Performance Indicators	64	✔
Non-GRI indicator	N/A	Gross installed renewable energy capacity	Our ESG Priorities: Climate Action Supplemental Information: Performance Indicators	46–47 64	✔
Resource management					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Climate Action	48	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Supplemental Information: Performance Indicators	64	✔
	302-3	Energy intensity of our energy generation assets	Our ESG Priorities: Climate Action Supplemental Information: Performance Indicators	48 64	✔
GRI 303: Water and effluents 2018	303-5	Water consumption	Supplemental Information: Performance Indicators	64	✔
Non-GRI indicator	N/A	Freshwater consumption intensity for energy generating assets	Supplemental Information: Performance Indicators	64	✔
GRI 306: Waste 2020	306-3	Waste generated	Supplemental Information: Performance Indicators	64	✔
Workforce transformation					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Empowering Lives	49	
GRI 2: General disclosures 2021	2-7	Employees	Supplemental Information: Performance Indicators	65	✔
GRI 401: Employment 2016	401-1	Employment	Supplemental Information: Performance Indicators	65	✔
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Our ESG Priorities: Empowering Lives	49	✔
			Supplemental Information: Performance Indicators	66	
Non-GRI indicator	N/A	Average sustainability skill learning hours per employee	Our ESG Priorities: Empowering Lives Supplemental Information: Performance Indicators	49 66	✔

GRI standard	Disclosure reference	Description title	Disclosure	Page(s)	External assurance
Workforce transformation (cont'd)					
Non-GRI indicator	N/A	Number of employees upgraded	Our ESG Priorities: Empowering Lives	49	✔
			Supplemental Information: Performance Indicators	66	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Supplemental Information: Performance Indicators	65	✔
Community engagement and investment					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Empowering Lives	50	
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	Our ESG Priorities: Empowering Lives	50	✔
			Supplemental Information: Performance Indicators	66	
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Our ESG Priorities: Empowering Lives Supplemental Information: Performance Indicators	50 66	✔
Health and safety					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Resilient Business	51	
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	Our ESG Priorities: Resilient Business	51	
	403-9	Work-related injuries	Our ESG Priorities: Resilient Business Supplemental Information: Performance Indicators	51 66	✔
	403-10	Work-related ill health	Our ESG Priorities: Resilient Business Supplemental Information: Performance Indicators	51 66	✔
Risk governance					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Resilient Business Corporate Governance Statement	52 76–93	
Non-GRI indicator	N/A	Integrated Assurance Framework (IAF) implementation across key markets	Our ESG Priorities: Resilient Business Supplemental Information: Performance Indicators	52 67	✔
GRI 2: General disclosures 2021	2-27	Compliance with laws and regulations	Supplemental Information: Performance Indicators	67	✔
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Supplemental Information: Performance Indicators	67	✔
			Our ESG Priorities: Resilient Business Supplemental Information: Performance Indicators	52 67	✔
			Supplemental Information: Performance Indicators	67	✔

Assurance Statement



Introduction

DNV Business Assurance Singapore Pte. Ltd. ('DNV') has been commissioned by the management of Sembcorp Industries Ltd ('Sembcorp', or 'the Company', a company registered with the Accounting and Corporate Regulatory Authority, Singapore (UEN: 199802418D)) to undertake an independent limited assurance in connection with select subject matter to be included in the Company's Sustainability Report 2023 ('the Report') for the calendar year ending 31 December 2023. The Management of Sembcorp is responsible for developing the Report. The intended users of this Assurance Statement are the Management of the Company.

Scope and Boundary of Assurance

This assurance engagement has been carried out in accordance with DNV's VeriSustain protocol, V6.0, which is based on our professional experience and international assurance best practice including the International Standard on Assurance Engagements (ISAE) 3000 revised – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board. This protocol requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited and reasonable assurance.

The scope of assurance is limited to a review of sustainability-related disclosures and performance data (as indicated under the 'External assurance' column in the GRI Content Index of the Report). Our assurance engagement was limited to select subject matter and carried out during October 2023 to March 2024.

The sustainability disclosures in this Report have been prepared based on the identified material sustainability factors and performance disclosures in relation to business activities undertaken by the Company for the calendar year 1 January 2023 to 31 December 2023.

The procedures performed in a limited assurance engagement vary in nature and timing and are less detailed than those undertaken during a reasonable assurance engagement, so the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our conclusion, so that the risk of this conclusion being in error is reduced, but not reduced completely.

We have not performed any work, and do not express any conclusion, on any other information that may be published outside of the Report and/or on Sembcorp's website for the current reporting period.

Responsibilities of the Management of Sembcorp and of the Assurance Provider

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

In performing our assurance work, DNV's responsibility is to plan and perform the work to obtain assurance about whether the selected information has been prepared in accordance with the reporting requirements and to report to Sembcorp in the form of an independent assurance conclusion, based on the work performed and the evidence obtained.

Our statement represents our independent opinion and is intended to inform all stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Independent Assurance Statement.

Basis of Our Opinion

We had planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e., we concentrated our verification efforts on the issues of high material relevance to Sembcorp and its key stakeholders. A team of sustainability assurance specialists reviewed disclosures of selected subject matter related to the headquarters in Singapore, and selected sites of Sembcorp based on DNV's sampling plan. During the audit, we conducted the site visits to Sembcorp's Headquarter (30 Hill Street), Sakra Cogen Plant, Changi NEWater and Bedok Depot in Singapore. We performed the following activities:

- Review of the non-financial sustainability-related disclosures in this Report;
- Desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the Group Sustainability division;
- Conducted interviews with data owners from Sembcorp to understand the key processes and controls for reporting business units' performance data;
- Carried out physical site visit at the Sembcorp's headquarter (30 Hill Street), Sakra Cogen Plant, Changi NEWater and Bedok Depot in Singapore to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritised based on risk-based approach, i.e., relevance of identified material aspects and sustainability context of the business; and
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

Opinion and Observations

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the information related to the select subject matter for the Report for the year ended 31 December 2023 has not been prepared, in all material respects, with reference to the GRI Standards and its reporting principles. Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain and GRI Reporting Principles applicable to the disclosure of selected subject matter:

Materiality

The process of determining the factors that is most relevant to an organisation and its stakeholders.

The report outlines the systematic approach Sembcorp used to assess materiality, involving consultations with key stakeholders to determine the most important aspects. Further, the report prioritises sustainability aspects for reporting under three factors namely, Climate Action, Empowering Lives and Resilient Business throughout the organisation, as brought out in the section "Materiality" of the report.

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

Stakeholder inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The report explains the process of identifying stakeholders in the section "Materiality" of the Report. Sembcorp has engaged key stakeholders through the relevant relationship holders in the Company to gather information on sustainability issues, concerns, and expectations. The feedback from stakeholders was collected, combined, and analysed.

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

Assurance Statement



Responsiveness

The extent to which an organisation responds to stakeholder issues.

The Report outlines Sembcorp's responses and strategies related to identified material aspects and key stakeholder concerns through disclosures on management approach, governance, and policies across various sections of the Report. Further the Report also presents its non-financial performance related to the identified material aspects.

Nothing has come to our attention to believe that the Report has not met the Principle of Responsiveness for the selected performance standards.

Reliability

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

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

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

Completeness

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

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

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

Neutrality

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

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

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

Limitations

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

We understand that the reported financial data, governance and related information are based on statutory disclosures and Audited Financial Statements, which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement. The assessment is limited to data and information within the defined reporting period. Any data outside this period is not considered within the scope of assurance.

DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO IEC 17029:2019 - Conformity Assessment – General principles and requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct¹ during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals.

Purpose and Restriction on Distribution and Use

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

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

**Gangwar,
Vishal**

Vishal Gangwar
Lead Verifier
Supply Chain and Product Assurance

Digitally signed by Gangwar, Vishal
Date: 2024.03.15 18:00:13 +08'00'

Singapore
15 March 2024

**Goh, Wee
Hong**

Wee Hong Goh
Area Manager – South East Asia
Supply Chain and Product Assurance

Digitally signed by Goh, Wee Hong
Date: 2024.03.15 18:03:20 +08'00'

**Astone,
Antonio**

Antonio Astone
Assurance Reviewer
DNV SCPA – Global Technical and
Quality Function

Digitally signed by Astone, Antonio
Date: 2024.03.15 11:18:34 +01'00'

¹ The DNV Code of Conduct is available on request from www.dnv.com

Corporate Governance Statement

Sembcorp’s corporate governance framework is built on principles of integrity, accountability, transparency and sustainability, and reflects our commitment to long-term sustainable business performance.

Well-defined policies and processes are essential to enhance corporate governance and improve corporate performance and accountability. We are committed to high standards of governance 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 financial year 2023 (FY2023) 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 2023, Sembcorp ranked 12th 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 2023, Sembcorp was the winner of the Singapore Corporate Governance Award (Big Cap) and Most Transparent Company Award (Utilities).

Board Matters

The 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.

The ten-member board of Sembcorp is led by Chairman, Mr Tow Heng Tan. The board, which largely comprises independent non-executive directors, with Mr Lim Ming Yan as the Lead Independent Director, leverages its

diversity and experience to provide sound leadership to management.

The composition of the board and its committees are 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 relevant to 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)


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 among 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.

 For more information on board members, please refer to pages 36 to 39.

Executive Committee ^E

The ExCo supports 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 post-investment review reports for the Group’s investments.

Audit Committee ^A

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

- Review and report to the board, at least annually, the Group’s financial and accounting matters, as well as the adequacy and effectiveness of the Group’s internal controls encompassing financial,

operational, compliance, information technology (IT) and risk management systems. 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 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 reappointment of external auditors annually;
- 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.

Name	First Appointed	Last Re-elected / Reappointed	Nature of Appointment	Board Committees				
				ExCo	AC	RC	ERCC	NC
Tow Heng Tan	June 1, 2021	April 21, 2022	Chairman Non-executive & Non-independent	C			M	M
Lim Ming Yan*	January 18, 2021	April 22, 2021	Non-executive & Lead Independent Director	M			C	C
Ajaib Haridass	May 1, 2014	April 21, 2022	Non-executive & Independent		M	C		
Yap Chee Keong	October 1, 2016	April 20, 2023	Non-executive & Independent		C	M		
Dr Josephine Kwa Lay Keng*	August 1, 2018	April 22, 2021	Non-executive & Independent		M	M		
Nagi Hamiyeh	March 3, 2020	April 20, 2023	Non-executive & Non-independent	M				
Kunnasagaran Chinniah*	August 1, 2023	N.A.	Non-executive & Independent	M		M	M	
Marina Chin Li Yuen*	November 1, 2023	N.A.	Non-executive & Independent		M	M		
Ong Chao Choon*	November 3, 2023	N.A.	Non-executive & Independent		M	M		M
Wong Kim Yin*	July 1, 2020	April 22, 2021	Executive & Non-independent	M				

C: chairman M: member

* Up for retirement and seeking re-election at the upcoming annual general meeting (AGM)

Corporate Governance Statement

Risk Committee ^R

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

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

Executive Resource & Compensation Committee ^C

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.

Nominating Committee ^N

The NC comprises non-executive directors, majority of whom including the chairman of the NC 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 business;
- Recommend the targets to achieve board diversity as deem fit and without compromising the meritocracy principle of appointing qualified directors;
- Review the composition and size of the board and its committees and recommend new appointments, reappointments 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.

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 as well as financial performance and business activities in various markets. Visits to Sembcorp's 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 newly appointed directors with no prior listed company experience on the roles and responsibilities as a director of a listed company as prescribed by the SGX-ST.

The company ensures that directors are kept up to date on changes to regulations, guidelines and accounting standards as well as other relevant trends or topics including the outlook of various markets, global macro views, matters on sustainability, cybersecurity, health and safety, and updates to the Code. These are done either during board and / or board committee meetings or at specially convened training sessions or seminars conducted by external professionals, which are funded by the company. The company also ensures that all directors have undergone training on sustainability matters as prescribed by the SGX-ST.

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 business as well as to promote active engagement and foster stronger relationships with stakeholders.

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.

The board 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 are convened 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. In 2023, the annual strategic review meeting was held in Singapore over two days and members of the board and senior management participated in this meeting.

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 the director and obtain his comments and / or approval. Decisions by the board and committees may be obtained at meetings or made via circular resolutions. The directors' attendance at board and committee meetings held during FY2023 is set out above.

To avoid any conflict of interests, directors disclose personal interests in

Board Member	Board	ExCo	AC	RC	ERCC	NC	AGM
Total number of meetings held in 2023	6	4	5	4	4	3	1
Tow Heng Tan	6	4	–	–	4	3	1
Lim Ming Yan ¹	6	3	–	1	4	3	1
Ajaib Haridass	6	–	5	4	–	–	1
Yap Chee Keong	6	–	5	4	–	–	1
Dr Josephine Kwa Lay Keng	6	–	5	4	–	–	1
Nagi Hamiyeh	4*	3*	–	–	–	–	1
Kunnasagaran Chinniah ²	3	–	–	–	–	–	–
Marina Chin Li Yuen ³	1	–	–	–	–	–	–
Ong Chao Choon ⁴	–	–	–	–	–	–	–
Wong Kim Yin	6	4	–	–	–	–	1
Ang Kong Hua ⁵	2	1	–	–	1	1	1
Tham Kui Seng ⁶	2	1	–	–	1	–	1

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

¹ Mr Lim stepped down as a member of RC and was appointed as chairman of the ERCC and NC, and a member of ExCo with effect from April 20, 2023

² Mr Chinniah was appointed as a director with effect from August 1, 2023 and as a member of ExCo, RC and ERCC with effect from November 3, 2023

³ Ms Chin was appointed as a director with effect from November 1, 2023 and as a member of AC and RC with effect from November 3, 2023

⁴ Mr Ong was appointed as a director and member of AC, RC and NC with effect from November 3, 2023

⁵ Mr Ang retired as a director and Chairman of the Board, ExCo, ERCC and NC with effect from April 20, 2023

⁶ Mr Tham stepped down as a director and a member of ExCo and ERCC with effect from April 20, 2023

transactions and recuse themselves from participating in any discussion and decision on the matter.

Mr Chinniah sits on the board of Greenko Energy Holdings, a member of the Greenko Group, as a nominee director of GIC which is a major shareholder of Greenko Group. Greenko Group owns and operates renewable energy business in India.

Mr Chinniah will abstain from participating in discussions and decision-making on any matters where a conflict of interests might arise between Sembcorp and Greenko Energy Holdings / Greenko Group / GIC.

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.

Corporate Governance Statement

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.

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 the SGX-ST Listing Manual.

The company secretary also acts on behalf of the company to liaise with the SGX-ST, the Accounting and Corporate Regulatory Authority (ACRA) and when necessary, its shareholders.

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 ensure effective decision-making and governance of the company. 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, age and ethnicity.

Our current board members comprise business leaders and professionals from the engineering, power, renewables, real estate, accountancy and audit, banking and finance, legal as well as technology research & development 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 viewpoints,

ensuring balanced and well-considered decisions are made.

The current board comprises ten directors including seven 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 skills, experience, background, gender, age, ethnicity, and other relevant factors. The NC will ensure that board appointments are made based on merit, in addition to these diversity attributes.

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 2023, all directors except Mr Tow, Mr Hamiyeh and Mr Wong declared themselves to be independent. As a result of the disclosures received, the board also assessed the independence of Mr Haridass and Mr Chinniah as elaborated below. The board has determined that with the exception of Mr Tow, Mr Hamiyeh and Mr Wong, all members of Sembcorp's board for FY2023 are independent.

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

Mr Haridass has served the board for more than nine years in 2023. He is considered to be independent until the conclusion of the 2024 AGM in accordance with SGX-ST Listing Rule 210(5)(d)(iv).

Mr Chinniah is a consultant to Pavilion Capital International and a non-executive director of Azalea Asset Management, Astrea V and Astrea VI, all of which are subsidiaries of Temasek. He is also a non-executive independent director of CapitaLand Ascendas REIT Management (the Manager of CapitaLand Ascendas REIT), where Temasek is a substantial shareholder.

Mr Chinniah's roles in the above companies are non-executive in nature and he is not involved in their day-to-day conduct of business. He is not under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Temasek in relation to the affairs of Sembcorp. The board believes that Mr Chinniah has acted and will continue to act in the best interests of Sembcorp.

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 and ExCo. 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 business in accordance with board approved strategies, policies, budgets and business plans, and ensures accountability while providing guidance and leadership to key management personnel.

Lead Independent Director

The Lead Independent Director provides leadership to the board and chairs board meetings in circumstances where the Chairman is conflicted, or during his absence. If necessary, he takes on an additional facilitative role within the board whereby he facilitates communications between the board and shareholders or other stakeholders of the company. He will hold meetings with independent directors on a

need-to basis, and provide feedback on the meeting to the Chairman where appropriate.

As chairman of the NC and ERCC, the Lead Independent Director also plays a leading role in the annual performance evaluation and development of succession plans for the board and key management personnel.

Board Membership (Principle 4)

Formal and transparent process for the appointment and reappointment of directors

Succession planning, appointment and reappointment 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 business. 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 to identify and shortlist 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.

Director Experience / Skills Matrix

Experience / Skills	Industry Experience	Renewables / Power Experience	Senior Management Experience	Strategic Planning	Audit / Accounting & Finance	Legal	Information Technology	Risk Management	Human Resource Management
Tow Heng Tan	✓		✓	✓	✓			✓	✓
Lim Ming Yan	✓		✓	✓	✓			✓	✓
Ajaib Haridass	✓		✓	✓	✓	✓		✓	✓
Yap Chee Keong	✓	✓	✓	✓	✓		✓	✓	✓
Dr Josephine Kwa Lay Keng	✓	✓	✓	✓	✓		✓	✓	✓
Nagi Hamiyeh	✓		✓	✓	✓		✓	✓	✓
Kunnasagaran Chinniah	✓	✓	✓	✓	✓			✓	✓
Marina Chin Li Yuen	✓		✓	✓	✓	✓		✓	✓
Ong Chao Choon	✓		✓	✓	✓			✓	✓
Wong Kim Yin	✓	✓	✓	✓	✓		✓	✓	✓

Corporate Governance Statement

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 are required to retire and seek 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 Lim, Dr Kwa and Mr Wong are due to retire at the forthcoming AGM. Mr Lim, Dr Kwa and Mr Wong have offered themselves for re-election.

Mr Chinniah, Ms Chin and Mr Ong, who were newly appointed to the board in 2023 will also retire and have offered themselves for re-election at the upcoming AGM.

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 reappointment 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 committed sufficient time and attention to the affairs of the company, to discharge their duties adequately during FY2023.

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 FY2023, 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 2023, 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. The 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 2023, and is aligned 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. 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. Each non-executive director is required

to hold these shares in the company as well as shares obtained by other means and in the aggregate worth the value of their annual basic retainer fee (currently at 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 financial year 2024 (FY2024) 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 FY2024 is intended to be paid in 2025 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, 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 2023.

- **Fixed remuneration**
Fixed remuneration includes an annual basic salary and, where applicable, fixed allowances, an annual wage supplement and

Directors' Fee Framework for FY2023*

	S\$
Retainer fee (per annum)	
Chairman (all-in fee) ¹	750,000
Lead Independent Director (all-in fee) ¹	270,000
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
Member, ExCo	33,000
Member, AC	33,000
Member, RC	24,000
Member, ERCC	24,000
Member, NC	24,000

Attendance fee (per meeting)

Board meeting (local) ²	2,500
Board meeting (overseas) ²	5,000
Committee / General meeting (local) ²	1,500
Committee / General meeting (overseas) ²	3,000
Committee / General meeting (flat fee) ³	1,000

Teleconference (per meeting)

Board meeting	1,500
Committee / General meeting	1,000

Notes

* The Directors' Fee Framework applies to all directors except the Group President & CEO, who is an executive director and does not receive any directors' fees

¹ The Chairman and the Lead Independent Director will only each receive an all-in retainer fee. They will not receive any retainer fee for serving on board committees, nor attendance fee for attending board and committee meetings

² Local – home country of the directors
Overseas – outside home country of the directors

³ Attendance fee for attending a board committee meeting or general meeting is payable if such meetings are held on separate days from the board meeting. In the event such meetings are held on the same day as the board meeting, only a flat fee of S\$1,000 is payable for such meetings

Corporate Governance Statement

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 Group and their respective markets. The annual performance bonus includes two components based on individual performance, achievement of pre-agreed targets and economic value added (EVA) to the Group.

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 Group. 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 Group.

- 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 is 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 in the company and in the aggregate 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 the 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 2023 is based on the achievement of stretched financial and non-financial targets. The restricted shares awarded in 2023 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 100 and 101 and Note B6 in the Notes to the Financial Statements on pages 144 to 147.

- Pay-for-performance**

A pay-for-performance assessment was conducted in 2023 by our external consultants, Willis Towers Watson, to review the alignment between the Group's executive pay programme and business results. To do this, Willis Towers Watson benchmarked the Group's pay levels and performance 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 the latest annual reports. Concurrently, the study also examined the Group's performance relative to peers as measured by operating income growth and total shareholder return.


Overall, the study demonstrated a sound correlation between the Group's executive pay, key financial results, shareholder returns 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\$2,008,175 in 2023 (2022: S\$2,243,556).

 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 100 and 101.

- 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.

	Directors' Fees	
	Cash-based S\$'000	Share-based S\$'000
Payable by Company		
Tow Heng Tan ¹	411	176
Lim Ming Yan ²	179	77
Ajaib Haridass	142	61
Yap Chee Keong	149	64
Dr Josephine Kwa Lay Keng	137	59
Nagi Hamiyeh	103	44
Kunnasagaran Chinniah ³	44	19
Marina Chin Li Yuen ⁴	20	9
Ong Chao Choon ⁵	20	9
Ang Kong Hua ⁶	229	–
Tham Kui Seng ⁷	57	–
Payable by Subsidiaries		
Tham Kui Seng ⁸	19	–

Notes

- Mr Tow was appointed as Chairman of the Board and ExCo with effect from April 20, 2023
- Mr Lim stepped down as a member of RC and was appointed as Lead Independent Director, chairman of ERCC and NC, and a member of ExCo with effect from April 20, 2023
- Mr Chinniah was appointed as a director with effect from August 1, 2023 and a member of ExCo, RC and ERCC with effect from November 3, 2023
- Ms Chin was appointed as a director with effect from November 1, 2023 and a member of AC and RC with effect from November 3, 2023
- Mr Ong was appointed as a director and a member of AC, RC and NC with effect from November 3, 2023
- Mr Ang retired as a director and Chairman of the Board, ExCo, ERCC and NC with effect from April 20, 2023
- Mr Tham stepped down as a director and a member of ExCo and ERCC with effect from April 20, 2023
- Mr Tham stepped down as a director of a subsidiary with effect from August 16, 2023

Name of Group President & CEO	Fixed Pay ¹ S\$'000	FY2023 Cash Bonus Earned ² S\$'000	FY2023 EVA Bonus Declared and Subject to Deferral and Claw-back ³ S\$'000	Fair Value of FY2023 RSP Grant ⁴ S\$'000	Fair Value of FY2023 PSP Grant ⁵ S\$'000	FY2023 Total Remuneration based on Grant Fair Value S\$'000
Payable by Company						
Wong Kim Yin	1,366	2,524	623	1,760	1,626	7,900

- The amounts shown are inclusive of base salary, fixed allowances, annual wage supplement and other emoluments
- Cash Bonus Earned is based on the achievement of FY2023 Group Balanced Scorecard Key Performance Indicators (KPIs) (including Net Profit, Return on Equity (ROE), RE Capacity, Carbon Intensity, Health, Safety, Security and Environment (HSSE), Cybersecurity and ESG-related KPIs), and is payable by April 2024
- EVA Bonus is based on achievement of FY2023 Group Economic Profit above the target weighted average cost of capital (WACC); one third of the FY2023 EVA Bonus Declared is payable by April 2024 and the balance is subject to EVA banking mechanism, which typically pays out one third of the banking balance in future years and subject to negative EVA claw-back
- The contingent grant of FY2023 RSP is based on the achievement of FY2023 Group Balanced Scorecard KPIs. One third of the FY2023 RSP grant (or 107,900 restricted shares) will vest by April 2024 with the remaining deferred and subject to meeting vesting conditions in 2025 and 2026. Estimated fair value per share is S\$5.4378, based on the volume-weighted average price (VWAP) between February 21 and 23, 2024 (total estimated fair value of the contingent grant of FY2023 RSP is S\$1,760,000; estimated fair value of the FY2023 RSP to vest in 2024 is S\$733,000)
- The contingent grant of FY2023 PSP will only vest upon the achievement of the three-to-five-year long-term performance conditions (Absolute Total Shareholder Return above targets set against Cost of Equity (COE), Relative Total Shareholder Return against performance of the Straits Times Index (STI), RE Capacity, and KPIs aligned with shareholders' value creation and ESG transformation targets) between 2021 to 2025. None of the FY2023 PSP contingent grant has vested in 2023 and if the long-term performance conditions are not met, part or all of the FY2023 PSP contingent grant may lapse after 2025. Estimated value per share is between S\$0.37 to S\$3.21 based on a consistent fair valuation model and Monte Carlo simulation and calculated by an external consultant (total fair value of the contingent grant of FY2023 PSP is S\$1,626,000; none of the FY2023 PSP grant has vested in 2023)

Corporate Governance Statement

Key Management Personnel

In 2023, 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, Alex Tan 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 of employees who are immediate family members of a director or the Group President & CEO

In 2023, 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 the 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 the IAF where key risks identified are deliberated by management with the support of the Group Risk department and reported regularly to the RC.



The section below and on the following page 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 55.

Principal Risks	Management Approach
Financial / Operational / Compliance Risks: Geopolitical tensions	Sembcorp's business, operations, financials and / or prospects may be adversely affected by developments in global, regional and country level geopolitical environment and economic conditions such as global and country level inflation and recessionary pressures including those in connection with the following: <ol style="list-style-type: none"> the current elevated tensions between Russia and Western security alliances because of continued conflict in Ukraine, and the ongoing Israel-Hamas conflict could negatively impact economic growth and inflation via lower trade and higher energy prices; the evolving geopolitical relationship between the US and China, which may affect trade and supply chains especially for materials required to manufacture assets for the renewables business; and higher-for-longer interest rate regime and tighter monetary and fiscal policies leave the global economy more vulnerable. This may raise the risk of a global (or regional) recession and may have a negative impact on trade and growth.
Financial / Operational Risks: Recessionary pressures	The impact of the above developments is particularly acute in the developing countries that are highly dependent on US dollar denominated imports because of the further strain they put on the US dollar foreign reserves of these countries. In addition, geopolitical developments in the developing countries that Sembcorp operates in may adversely impact the country's economic conditions and consequently, negatively impact our business, operations, financials and / or prospects. We have conducted scenario analysis and stress-testing of our existing operations to identify potential risks and opportunities under a range of geopolitical and macroeconomic scenarios. We have incorporated contingencies in our operating model and will continue to closely monitor development trajectories in line with our scenarios.
Financial Risks: Interest rate exposure	The Group faces risks in relation to interest rate movements, particularly as a result of floating rate debts undertaken to finance its capital expenditure and working capital. The impact of exposures driven by the fluctuations in interest rate is managed using (i) natural hedges that arise from offsetting interest rate sensitive assets and liabilities, (ii) fixed rate borrowings, (iii) interest rate swaps and (iv) cross currency swaps.
Financial Risks: Commodity volatility	The Group is subject to fluctuations in commodity prices such as energy, oil and natural gas for its gas and related services business and prices of materials such as steel and polysilicon, which are required for the manufacture of wind and solar assets for its renewables business. We manage this risk by incorporating pricing formulae for these materials such that these costs may be passed on to customers and, in accordance with the Group's risk management policy, hedging the residual risks arising from the price fluctuation of these items. Exposure positions are regularly monitored by management.
Financial Risks: Counterparty risks	Our default and counterparty credit risks arise from various counterparties such as customers, vendors, joint venture partners and financial institutions, who may fall short of their payment and / or contractual obligations. Periodic credit reviews and credit exposures are monitored to detect potential credit deterioration of counterparties. Risk mitigation measures such as 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.

Remuneration Band	Number of Employees	Fixed Pay ¹ %	FY2023 Cash Bonus Earned ² %	FY2023 EVA Bonus Declared and Subject to Deferral and Claw-back ³ %	Fair Value of FY2023 RSP Grant ⁴ %	Fair Value of FY2023 PSP Grant ⁵ %	FY2023 Total Remuneration based on Grant Fair Value %
\$S\$4,000,001 to \$S\$4,250,000	1	15	53	4	22	6	100
\$S\$3,750,001 to \$S\$4,000,000	1	16	50	5	24	5	100
\$S\$3,250,001 to \$S\$3,500,000	1	19	47	5	23	5	100
\$S\$3,000,001 to \$S\$3,250,000	2	23	42	6	21	8	100
Total Aggregated Compensation of 5 KMPs based on Grant Fair Value (\$S'000)							17,516

¹ The amounts shown are inclusive of base salary, fixed allowances, annual wage supplement and other emoluments
² Cash Bonus Earned is based on the achievement of FY2023 Group Balanced Scorecard KPIs (including Net Profit, ROE, RE Capacity, Carbon Intensity, HSSE, Cybersecurity and ESG-related KPIs), and is payable by April 2024
³ EVA Bonus is based on achievement of FY2023 Group Economic Profit above the target WACC; one third of the FY2023 EVA Bonus Declared is payable by April 2024 and the balance is subject to EVA banking mechanism, which typically pays out one third of the banking balance in future years and subject to negative EVA claw-back
⁴ The contingent grant of FY2023 RSP is based on the achievement of FY2023 Group Balanced Scorecard KPIs. One third of the FY2023 RSP grant will vest by April 2024 with the remaining deferred and subject to meeting vesting conditions in 2025 and 2026. Estimated fair value per share is \$S\$5.4378, based on VWAP between February 21 and 23, 2024 (the aggregated estimated fair value of the contingent grant of FY2023 RSP for the five key management personnel is \$S\$3,620,000; estimated fair value of the FY2023 RSP to vest in 2024 is \$S\$1,207,000)
⁵ The contingent grant of FY2023 PSP will only vest upon the achievement of the three-to-five-year long-term performance conditions (Absolute Total Shareholder Return above targets set against COE, Relative Total Shareholder Return against performance of STI, RE Capacity, and KPIs aligned with shareholders' value creation and ESG transformation targets) between 2021 to 2025. None of the FY2023 PSP contingent grant has vested in 2023 and if the long-term performance conditions are not met, part or all of the FY2023 PSP contingent grant may lapse after 2025. Estimated value per share is between \$S\$0.37 to \$S\$3.21 based on a consistent fair valuation model and Monte Carlo simulation and calculated by an external consultant (the aggregated fair value of the contingent grant of FY2023 PSP for the five key management personnel is \$S\$1,193,000; none of the FY2023 PSP grant has vested in 2023)

Corporate Governance Statement

Principal Risks	Management Approach
Operational Risks: Health, Safety, Security and Environment	The Group HSSE management system sets out the framework for management of HSSE across Sembcorp's global operations, including projects secured or under construction. It provides guidance for our business to comply with HSSE regulations, and mitigate HSSE risks associated with our activities and services. The Group HSSE division is guided by our Group President & CEO and the RC, reflecting the high priority accorded to HSSE issues.
Compliance Risks: Bribery and corruption	 For more information on our management approach on bribery and corruption risks, please refer to the Risk Governance section on page 52.
Information Technology Risks: Cybersecurity	<p>Cybersecurity risks include data breaches or national / state-wide cyberattacks that may result in a breach of our control systems leading to potential regulatory non-compliance and / or service disruptions.</p> <p>Our cybersecurity strategy is underpinned by careful use of defensive tools and a robust three-layer inspect, verify, and validate attestation framework. Our Chief Digital Officer leads the Group's cybersecurity efforts, working with our technology suppliers, GIA and the AC to implement and assure adequate controls as well as report cybersecurity-related issues and trends.</p> <p>Our cybersecurity defences are tested by change control, vulnerability assessments and penetration testing exercises, which are conducted on a periodic basis to ensure we operate in an optimal and cyber-secure digital environment.</p>
Climate-related Risks	 For more information on our management approach on climate-related risks, please refer to the Climate-related Financial Disclosures section on pages 55 to 61.

Supporting the IAF is a system of internal controls comprising the Group's Code of Conduct (CoC), 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.

Embedded in the IAF is the Management Control Assessment 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 FY2023, 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 considered and concurred with AC that the company's internal controls and risk management systems

are adequate and effective as at December 31, 2023 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 FY2023 with respect to the key audit matters.


 For more information on key audit matters, please refer to pages 103 to 108.

External auditors

Each year, the AC reviews the independence of the company's external auditors and makes recommendations to the board on their reappointment. During the year, the AC reviewed the performance of the external auditors by referencing to the Audit Quality Indicators Disclosure Framework published by ACRA. Mr Koh Wei Peng has been the audit partner since financial year 2019. After the completion of FY2023 audit, Mr Chiang Yong Torng will assume the role of audit partner, in accordance with SGX-ST Listing Rule 713(1).


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. Accordingly, the AC has recommended the reappointment of the external auditors at the forthcoming AGM.

 For more information on non-audit fees payable to the external auditors, please refer to Note B4a in the Notes to the Financial Statements on page 141.

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 investigated 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 Codes and Policies section under Our Commitment to Corporate Governance webpage.

Group integrated audit

Independent integrated audit function

GIA is an important LOD for the Group and a core component in the Group's assurance framework and governance process.

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 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.

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.

Corporate Governance Statement

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.

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 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 its 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.

Notices of general meetings are disseminated via SGXNet, published in local newspapers and posted on the company website www.sembcorp.com ahead of the meetings. Annual reports, letters to shareholders and circulars are also available on the SGX website and on the company website. Shareholders who prefer to receive a physical copy of such documents may request for one.

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, legal advisors and relevant external consultants also assist the board where necessary.

Shareholders are requested to submit their questions in advance to the Chairman, and the company's responses to substantial and relevant questions are published on the company website and disseminated via SGXNet prior to the commencement of the AGM.

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 as soon as practicable.

Dividend policy

Sembcorp is committed to achieving sustainable income and growth to enhance total shareholder return. The company has set out its strategic plan to transform its portfolio and drive energy transition. Its dividend policy aims to balance cash return to shareholders and investment for sustaining growth while ensuring an efficient capital structure. Sembcorp 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 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 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 its 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 the results briefings, the company maintains regular dialogue with shareholders through investor-targeted events such as the AGM, extraordinary general meeting, non-deal roadshows, conferences, site visits, group as well as 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, found under the *Creating Shareholder Value* webpage to cater to the specific information needs of investors and capital market participants.

Shareholders can also contact the investor relations team via email. 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 94.

Corporate Governance Statement

Managing Stakeholders Relationships

Engagement with Stakeholders (Principle 13)

Considering the needs and interests of material stakeholders

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.

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 maintains a current website to communicate, engage and gather feedback from a diverse range of stakeholders with the aim of improving its performance and driving long-term value creation.


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 adhere to insider trading laws at all times, even when dealing in the company's securities outside the prohibited trading period, and are also reminded not to deal in the company's securities on short-term considerations.

The foregoing also applies to the company in respect of its purchase or acquisition of shares conducted under the share purchase mandate.

Interested Person Transactions

Shareholders have adopted an interested person transaction mandate (IPT Mandate) in respect to interested person transactions (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 FY2023, please refer to page 231.

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

Code of Conduct

The Group's CoC aims to ensure an effective governance and decision-making structure is in place for employees to refer and apply the principles under the CoC. The Group President & CEO and senior management actively reference the CoC in key internal meetings to reinforce its importance among management. All employees of the Group are required to complete training on the CoC and its key policies on a yearly basis, and to declare annually that they are in compliance with the CoC and key policies.

Summary of Governance Disclosures

The Summary of Disclosures that describes our corporate governance practices with specific reference to disclosure requirements in the principles and provisions of the Code, which can be found at SGX's website at rulebook.sgx.com, is set out below.

Board Matters

Provision	Page
-----------	------

The Board's Conduct of Affairs (Principle 1)

1.1	76–79
1.2	78
1.3	77
1.4	76–78
1.5	78–79, 82
1.6	79
1.7	79–80

Board Composition and Guidance (Principle 2)

2.1	80–81
2.2	76, 80
2.3	76, 80
2.4	80
2.5	79

Chairman and Chief Executive Officer (Principle 3)

3.1	81
3.2	81
3.3	81

Board Membership (Principle 4)

4.1	78
4.2	76, 78, 81
4.3	81–82
4.4	80–81
4.5	36–39, 78, 82

Board Performance (Principle 5)

5.1	78, 82
5.2	82

Remuneration Matters

Provision	Page
-----------	------

Procedures for Developing Remuneration Policies (Principle 6)

6.1	78
6.2	76
6.3	82–83
6.4	82

Level and Mix of Remuneration (Principle 7)

7.1	83–84
7.2	83
7.3	83–84

Disclosure on Remuneration (Principle 8)

8.1	85–86
8.2	86
8.3	85–86

Accountability and Audit

Provision	Page
-----------	------

Risk Management and Internal Controls (Principle 9)

9.1	78, 86–88
9.2	88

Audit Committee (Principle 10)

10.1	77
10.2	76–77, 80
10.3	88–89
10.4	89–90
10.5	89

Shareholder Rights and Engagement

Provision	Page
-----------	------

Shareholder Rights and Conduct of General Meetings (Principle 11)

11.1	90
11.2	90
11.3	79, 90
11.4	90
11.5	90–91
11.6	91

Engagement with Shareholders (Principle 12)

12.1	91
12.2	91
12.3	91

Managing Stakeholders Relationships

Provision	Page
-----------	------

Engagement with Stakeholders (Principle 13)

13.1	92
13.2	92
13.3	92

Investor Relations

Sembcorp is committed to providing accurate and timely updates to the investment community to enable informed investment decision-making.

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

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

Proactive Engagement with the Investment Community

During Investor Day 2023 held in November, we unveiled our refreshed strategy, along with our targets for 2028, reflecting our commitment to drive energy transition. Hosted by our senior management and conducted in a hybrid format to cater to both physical and virtual attendance, the event was well attended by over 130 analysts, institutional investors and bankers. To ensure fair disclosure of information, materials presented during the event were posted on SGXNet and the company website prior to the commencement of the event.

During the year, we participated in eight conferences including the Citi Pan Asia Regional Investor Conference, the UBS OneASEAN Conference, the Macquarie ASEAN Conference as well as the Morgan Stanley 22nd Annual Asia Pacific Summit in Singapore. We also met with potential and current investors through non-deal roadshows in Hong Kong, Kuala Lumpur, Tokyo, London and Paris. These roadshows included one-on-one and group meetings aimed at educating and updating the investment community on our businesses and investment merits.



Management engaging with the investment community during Investor Day 2023

In addition to briefings and meetings, the investor relations team organised physical tours for members of the investing community to our Sembcorp Tengoh Floating Solar Farm in Singapore during the year. The visits provided attendees with first-hand experience and better understanding of the operations of the solar farm, one of the world's largest inland floating solar photovoltaic systems.

At the SIAS Investors' Choice Awards 2023, Sembcorp was recognised as the Winner of the Singapore Corporate Governance Award (Big Cap) and the Most Transparent Company Award (Utilities). These awards are strong endorsements of the company's

excellence in corporate governance, disclosure and transparency.

In September 2023, Sembcorp achieved a significant milestone with its addition to the MSCI Singapore Index (SGD).

Total Shareholder Return

Sembcorp's last traded share price in 2023 was S\$5.31 and the company ended the year with a market capitalisation¹ of S\$9.4 billion. The company's share price averaged S\$4.73 during the year, registering a low of S\$3.37 in January and a high of S\$6.09 in August. Daily turnover averaged 8.4 million shares.

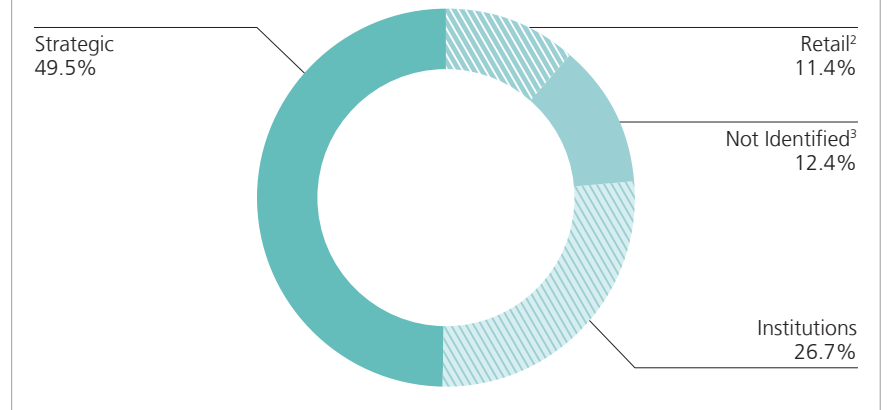
Sembcorp's total shareholder return¹ for 2023 was 62%, significantly outperforming the Straits Times Index's return of 5%.

For financial year 2023, an interim dividend of 5 cents per ordinary share was declared and paid to shareholders in August 2023. A final dividend of 8 cents per ordinary share has been proposed, subject to approval by shareholders at the upcoming annual general meeting to be held in April 2024. Together with the interim dividend, total dividend for 2023 will be 13 cents per ordinary share.

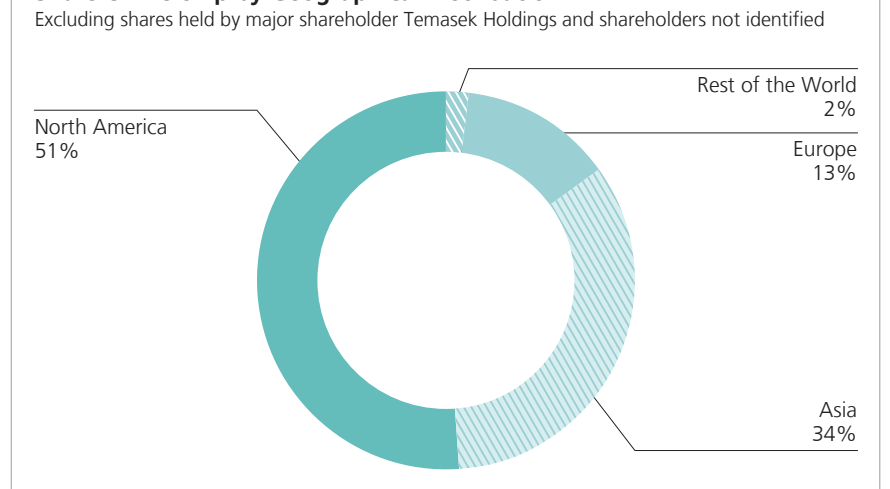
Shareholder Information

In 2023, institutional shareholdings increased to 26.7% from 22.4% the year before, while retail shareholdings reduced to 11.4% compared to 13.1% in 2022. Our major shareholder Temasek Holdings held 49.5% of shares as of end 2023. Shareholders

Share Ownership by Investor Category*



Share Ownership by Geographical Distribution*



* As at December 31, 2023

not identified³ accounted for 12.4% of issued share capital. Institutional shareholders accounted for 52.9% of free float, while retail shareholders² accounted for 22.5% of free float. Excluding the stake held by Temasek

Holdings and shareholders not identified, our largest geographical shareholder base was from North America at 51%, followed by Asia and Europe which accounted for 34% and 13% of shareholdings respectively.

¹ Source: Bloomberg

² Retail shareholders include private investors, brokers, custodians and corporates

³ Shareholders not identified mainly include investors whose holdings fall below the threshold of 250,000 shares