

Sembcorp Industries

Green Finance Report 2023

1. Executive Summary


In May 2021, Sembcorp Industries Ltd (Sembcorp) launched its Green Financing Framework (Framework) which is aligned with the Climate Bond Initiative's (CBI) Climate Bonds Standard Version 3.0 (Standard). The adoption of the Standard provides an assurance to investors that Sembcorp will use the proceeds from green bonds and loans to finance or refinance projects needed to deliver a low-carbon economy, consistent with the Paris Agreement's long-term temperature goal. The Framework was reviewed and assured by Ernst & Young LLP (EY), as confirmation of alignment with the Standard.

Following the establishment of the Framework, Sembcorp, through our wholly-owned subsidiary Sembcorp Financial Services Pte Ltd (SFS), issued our inaugural S\$400 million green bond in June 2021. It was the first certified green bond under the Standard issued by a Singapore-based energy company. As at December 31, 2023, Sembcorp and its subsidiaries have issued two green bonds equivalent to S\$750 million¹ and secured 24 green loans equivalent to S\$1.2 billion¹ under the Framework. Proceeds raised were allocated to onshore wind and solar projects in Singapore, China, India, and Oman, supporting the financing of our expansion in renewables towards our 2025 target of 10GW and 2028 target of 25GW of gross installed renewable energy capacity. These projects also support the United Nations Sustainable Development Goals (SDGs) – SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action).

 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.

In line with the Framework, Sembcorp has committed to report on the eligibility, allocation, and impact of the use of proceeds annually. This Green Finance Report 2023 is Sembcorp's second update to investors and lenders and will also be available on our website.

We have also sought post-issuance assurance with EY to ensure conformance of the green bonds and green loans with the Framework and the Standard.

 For the Green Financing Framework and assurance reports, please refer to the Sustainable Financing section on our Creating Shareholder Value webpage.

Sembcorp's Sustainable Finance Journey

Since the announcement of our strategy to transform our portfolio from brown to green in May 2021, we have made significant progress. In November 2023, Sembcorp announced refreshed targets at Investor Day 2023 to drive energy transition to 2028 and beyond. This includes accelerating renewable energy growth with a target of 25GW of gross installed renewables capacity by 2028 and driving decarbonisation with a 50% reduction in emissions intensity to 0.15 tCO₂e/MWh, from 0.29 tCO₂e/MWh in 2023. Sustainable financing instruments continue to play an important role in our transformation journey, enabling the mobilisation of capital to drive the energy transition.

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 billion² are outstanding borrowings. This demonstrates our progress in leveraging green and sustainability-linked bonds and loans to achieve our decarbonisation goals.

¹ These amounts refer to total borrowing facilities secured. Values are derived using December 2023 month-end closing exchange rates

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



Sembcorp solar assets in India

2. Allocation Report

2.1 Green Bonds

As at December 31, 2023, SFS has issued two green bonds in Singapore. 100% of the proceeds were allocated within 24 months of issuance. The objective of the green bonds is to contribute to climate change mitigation. Proceeds were allocated to onshore wind and solar projects in Singapore and China.

Issuer: SFS Country of Issuance: Singapore		Borrowing Facilities: S\$750 million Outstanding Borrowings: S\$750 million						
S/N	ISIN	Coupon (%)	Issue Date	Borrowing Facilities (S\$ million)	Amount Allocated (S\$ million)	Outstanding Borrowings (S\$ million)	Share of Proceeds Used for Refinancing (%)	Projects
1	SGXF23837739	2.45	June 2021	400	400	400	46	#SG1 SolarNova 2 – Singapore
								#SG2 Changi Mega Solar – Singapore
								#SG3 SolarNova 3 – Singapore
								#SG4 Commercial and Industrial (C&I) Projects – Singapore
								#SG5 SolarLand Phase 3 – Singapore
								#CN1 Gu Cheng Can Lan – Hebei, China
								#CN2 Xi Hua Ju Zhi – Henan, China
								#CN3 Lu Yi Feng Shang – Henan, China
								#SG6 SolarNova 5 – Singapore
								#SG7 SolarNova 7 – Singapore
								#CN4 Guazhou Beidaqiao No. 2 – Gansu, China
2	SGXF87707232	4.6	March 2023	350	350	350	0	#CN5 Zhongning Enhe – Ningxia, China
								#CN6 Geermu Phase 1 and 2 – Qinghai, China
								#CN7 Dongchuang Phase 1 – Yunnan, China
								#CN8 Wuding Phase 1 – Yunnan, China
								#CN9 Pubei Longmen Phase 1 and 2 – Guangxi, China
								#CN10 Tianjin Ninghe Phase 1 – Tianjin, China
								#CN11 Longshan – Hunan, China
								#CN12 Daqingshan – Hunan, China
								#CN13 Songmutang – Hunan, China
								#CN14 Jinzixian – Hunan, China
								#CN15 Weishan – Hunan, China
								#CN16 Dawangzhai – Hunan, China
								#CN17 Shimen – Hunan, China
#CN18 Shaying – Guizhou, China								
#CN19 Jingjiaping – Guizhou, China								
#CN20 Guazhou Beidaqiaodong Phase 1 and 2 – Gansu, China								
#CN21 Dulan Lunan Village, Dulan Beikeliang and Qinghai Gonghe – Qinghai, China								
#CN22 Yaoposhan and Jingzhushan – Hunan, China								
#CN23 Donggangling – Hunan, China								
#CN24 Shengrengshan I and II – Hunan, China								

2. Allocation Report *(cont'd)*

2.2 Green Loans

As at December 31, 2023, Sembcorp's subsidiaries have secured 24 green loans. 100% of the loan proceeds drawn down were allocated within 24 months of issuance. The objective of the green loans is to contribute to climate change mitigation. Proceeds were allocated to onshore wind and solar projects in India, China, and Oman.

		Issuer: Sembcorp Green Infra Limited and its subsidiaries Country of Issuance: India		Borrowing Facilities: INR53,881 million Outstanding Borrowings: INR49,465 million		
S/N	Issue Date	Borrowing Facilities (INR million)	Amount Allocated (INR million)	Outstanding Borrowings (INR million)	Share of Proceeds Used for Refinancing (%)	Projects
1	December 2021	7,500	7,500	7,500	100	#IN1 SECI 1 – Tamil Nadu, India
2	December 2021	4,830	4,830	4,830	100	
3	February 2022	630	630	534	100	#IN2 Wind Power Project – Tamil Nadu, India
4	February 2022	2,004	2,004	1,725	100	#IN3 Wind Power Project – Andhra Pradesh, India
5	March 2022	1,105	1,105	1,038	100	#IN4 Wind Power Project – Rajasthan, India
6	March 2022	1,330	1,330	1,052	100	#IN5 Wind Power Project – Karnataka, India
7	March 2022	495	495	418	100	
8	March 2022	3,726	3,726	3,007	100	#IN6 Wind Power Project – Maharashtra, Rajasthan, Gujarat and Madhya Pradesh, India
9	April 2022	202	202	158	100	
10	April 2022	2,224	2,224	1,609	100	#IN5 Wind Power Project – Karnataka, India
11	April 2022	446	446	357	100	#IN7 Wind Power Project – Gujarat, India
12	April 2022	453	453	362	100	#IN8 Wind Power Project – Gujarat, India
13	August 2022	1,860	1,860	1,860	0	#IN9 Wind and Solar Power Project – Tamil Nadu, India
14	August 2022	860	860	800	0	#IN10 Solar Power Project – Karnataka, India
15	August 2022	1,090	1,090	1,020	0	#IN11 Solar Power Project – Karnataka, India
16	February 2023	1,777	1,777	190	0	#IN12 Wind and Solar Power Project – Karnataka, India
17	February 2023	90	90	90	0	#IN13 Wind Power Project – Tamil Nadu, India
18	May 2023	8,559	8,559	8,392	100	#IN14 SECI 2 – Gujarat, India
19	June 2023	9,500	9,500	9,323	100	#IN15 SECI 3 – Gujarat, India
20	July 2023	5,200	5,200	5,200	100	#IN16 Wind Power Project – Gujarat, Karnataka, Maharashtra and Madhya Pradesh, India

		Issuer: Sembcorp Energy (Shanghai) Holding Co., Limited and its subsidiaries Country of Issuance: China		Borrowing Facilities: RMB750 million Outstanding Borrowings: RMB578 million		
S/N	Issue Date	Borrowing Facilities (RMB million)	Amount Allocated (RMB million)	Outstanding Borrowings (RMB million)	Share of Proceeds Used for Refinancing (%)	Projects
1	November 2023	350	350	289	100	#CN25 Bo Hai Wan – Shandong, China
2	November 2023	400	400	289	100	#CN26 Tian En Bin Hai – Shandong, China

2. Allocation Report *(cont'd)*

2.2 Green Loans *(cont'd)*

S/N		Issue Date	Borrowing Facilities <i>(US\$ million)</i>	Amount Allocated <i>(US\$ million)</i>	Outstanding Borrowings <i>(US\$ million)</i>	Share of Proceeds Used for Refinancing <i>(%)</i>	Projects
		Issuer: Sembcorp Utilities Pte Ltd Country of Issuance: Singapore		Borrowing Facilities: US\$75 million Outstanding Borrowings: US\$39 million			
1		August 2023	75	75	39	0	#ME1 Manah II Solar IPP – Oman
S/N		Issue Date	Borrowing Facilities <i>(S\$ million)</i>	Amount Allocated <i>(S\$ million)</i>	Outstanding Borrowings <i>(S\$ million)</i>	Share of Proceeds Used for Refinancing <i>(%)</i>	Projects
		Issuer: SFS Country of Issuance: Singapore		Borrowing Facilities: S\$150 million Outstanding Borrowings: S\$150 million			
1		September 2023	150	150	150	100	#IN14 SECI 2 – Gujarat, India #IN17 Solar Power Project – Madhya Pradesh, India #IN18 Wind Power Project – Maharashtra, India #IN19 Solar Power Project – Maharashtra, India

3. Eligibility and Impact Report

As at December 31, 2023, 53 onshore wind and solar projects have tapped on green proceeds. All projects allocated green proceeds have met the CBI Solar and Wind Energy Sector Eligibility Criteria.

Project Type: Onshore solar projects in Singapore									
S/N	Projects	Project Status	Currency	Amount Allocated (million)	Refinancing?	Gross Installed Capacity ³ (MW)	Attributable Installed Capacity ⁴ (MW)	Annual Electricity Generated ⁵ (MWh)	Annual Avoided Emissions ⁶ (tCO ₂ e)
1	#SG1 SolarNova 2 – Singapore	Under construction	SGD	43.2	Yes	37	37	50,019	20,709
2	#SG2 Changi Mega Solar – Singapore	Operational	SGD	3.0	Yes	3	3	4,496	1,861
3	#SG3 SolarNova 3 – Singapore	Under construction	SGD	48.0	Yes	42	42	57,883	23,965
4	#SG4 Commercial and Industrial (C&I) Projects – Singapore	Under construction	SGD	89.9	Yes	89	89	124,629	51,599
5	#SG5 SolarLand Phase 3 – Singapore	Operational	SGD	10.8	No	15	15	21,951	9,088
6	#SG6 Solar Nova 5 – Singapore	Under construction	SGD	30.0	No	36	36	27,198	11,261
7	#SG7 Solar Nova 7 – Singapore	Under construction	SGD			3	3	1,362 ⁷	564 ⁷

Project Type: Onshore solar project in Oman									
S/N	Projects	Project Status	Currency	Amount Allocated (million)	Refinancing?	Gross Installed Capacity (MW)	Attributable Installed Capacity (MW)	Annual Electricity Generated (MWh)	Annual Avoided Emissions (tCO ₂ e)
1	#ME1 Manah II Solar IPP – Oman	Under construction	USD	75.0	No	–	–	–	–

Project Type: Onshore solar projects in China									
S/N	Projects	Project Status	Currency	Amount Allocated (million)	Refinancing?	Gross Installed Capacity (MW)	Attributable Installed Capacity (MW)	Annual Electricity Generated (MWh)	Annual Avoided Emissions (tCO ₂ e)
1	#CN6 Geermu Phase 1 and 2 – Qinghai, China	Operational	SGD	7.5	No	50	18	63,742	17,949
2	#CN17 Shimen – Hunan, China	Operational	SGD	4.2	No	20	9	21,890	6,536
3	#CN18 Shaying – Guizhou, China	Operational	SGD	6.8	No	100	45	117,159	33,232
4	#CN19 Jingjiaping – Guizhou, China	Operational	SGD	6.2	No	100	45	120,717	34,241
5	#CN25 Bo Hai Wan – Shandong, China	Operational	RMB	350.0	Yes	50	37	77,593	48,574
6	#CN26 Tian En Bin Hai – Shandong, China	Operational	RMB	400.0	Yes	50	49	77,152	63,971

³ Refers to gross alternating current capacity of the plant at commercial operation date as specified in the grid connection agreement or as permitted (assumes 100% ownership of the facility). Gross installed capacity reported in the Green Finance Report refers to installed capacity financed by green finance proceeds

⁴ Refers to the equity-based capacity which is calculated by multiplying gross installed capacity by Sembcorp's equity stake in the asset

⁵ Refers to the actual number of electrical megawatt-hours produced by the wind turbine generator or solar system and measured at generator terminal or solar inverter (assumes 100% ownership of the facility)

⁶ Annual avoided emissions are calculated based on the methodology set out by the UN Clean Development Mechanism, host country's grid emission factor and the annual attributable generation. Annual attributable generation refers to equity-based generation which is calculated by multiplying electrical megawatt-hours produced by assets by Sembcorp's equity stake in the assets

⁷ Full year data for several sites not available as the sites were only operational in FY2023

3. Eligibility and Impact Report *(cont'd)*

Project Type: Onshore wind projects in China									
S/N	Projects	Project Status	Currency	Amount Allocated (million)	Refinancing?	Gross Installed Capacity (MW)	Attributable Installed Capacity (MW)	Annual Electricity Generated (MWh)	Annual Avoided Emissions (tCO ₂ e)
1	#CN1 Gu Cheng Can Lan – Hebei, China	Operational	SGD	120.1	No	150	147	410,148	340,759
2	#CN2 Xi Hua Ju Zhi – Henan, China	Operational	SGD	40.0	No	50	49	124,464	80,403
3	#CN3 Lu Yi Feng Shang – Henan, China	Operational	SGD	45.0	No	50	49	126,411	81,660
4	#CN4 Guazhou Beidaqiao No. 2 – Gansu, China	Operational	SGD	13.6	No	201	71	322,704	90,870
5	#CN5 Zhongning Enhe – Ningxia, China	Operational	SGD	9.5	No	50	18	116,895	32,916
6	#CN7 Dongchuang Phase 1 – Yunnan, China	Operational	SGD	22.0	No	96	30	342,291	67,725
7	#CN8 Wuding Phase 1 – Yunnan, China	Operational	SGD	9.5	No	48	15	147,422	29,168
8	#CN9 Pubei Longmen Phase 1 and 2 – Guangxi, China	Operational	SGD	51.8	No	194	68	441,189	96,964
9	#CN10 Tianjin Ninghe Phase 1 – Tianjin, China	Operational	SGD	11.0	No	50	18	125,428	37,324
10	#CN11 Longshan – Hunan, China	Operational	SGD	29.0	No	50	23	126,399	37,743
11	#CN12 Daqingshan – Hunan, China	Operational	SGD	22.3	No	50	23	111,338	33,246
12	#CN13 Songmutang – Hunan, China	Operational	SGD	11.0	No	50	23	105,875	31,615
13	#CN14 Jinzixian – Hunan, China	Operational	SGD	6.5	No	50	23	102,058	30,475
14	#CN15 Weishan – Hunan, China	Operational	SGD	12.3	No	70	32	158,342	47,282
15	#CN16 Dawangzhai – Hunan, China	Operational	SGD	5.0	No	30	14	57,099	17,050
16	#CN20 Guazhou Beidaqiaodong Phase 1 and 2 – Gansu, China	Operational	SGD	4.0	No	99	23	200,287	36,670
17	#CN21 Dulan Lunan Village, Dulan Beikeliang and Qinghai Gonghe – Qinghai, China	Operational	SGD	12.8	No	149	42	246,820	55,339
18	#CN22 Yaoposhan and Jingzhushan – Hunan, China	Operational	SGD	39.3	No	100	45	212,373	63,416
19	#CN23 Donggangling – Hunan, China	Operational	SGD	20.9	No	50	23	91,111	27,206
20	#CN24 Shengrengshan I and II – Hunan, China	Operational	SGD	14.8	No	101	46	193,240	57,703

3. Eligibility and Impact Report (cont'd)

Project Type: Onshore solar projects in India									
S/N	Projects	Project Status	Currency	Amount Allocated (million)	Refinancing?	Gross Installed Capacity (MW)	Attributable Installed Capacity (MW)	Annual Electricity Generated (MWh)	Annual Avoided Emissions (tCO ₂ e)
1	#IN10 Solar Power Project – Karnataka, India	Operational	INR	860.0	No	18	13	40,317	27,970
2	#IN11 Solar Power Project – Karnataka, India	Under construction	INR	1,090.0	No	22	16	38,511 ⁸	26,717 ⁸
3	#IN17 Solar Power Project – Madhya Pradesh, India	Operational	SGD	20.8	Yes	40	40	73,561	68,964
4	#IN19 Solar Power Project – Maharashtra, India	Operational	SGD	29.7	Yes	42	42	82,287	77,145

Project Type: Onshore wind projects in India									
S/N	Projects	Project Status	Currency	Amount Allocated (million)	Refinancing?	Gross Installed Capacity (MW)	Attributable Installed Capacity (MW)	Annual Electricity Generated (MWh)	Annual Avoided Emissions (tCO ₂ e)
1	#IN1 SECI 1 – Tamil Nadu, India	Operational	INR	12,330.0	Yes	250	250	661,742	620,391
2	#IN2 Wind Power Project – Tamil Nadu, India	Operational	INR	630.0	Yes	26	17	55,514	35,026
3	#IN3 Wind Power Project – Andhra Pradesh, India	Operational	INR	2,004.0	Yes	50	50	113,010	105,948
4	#IN4 Wind Power Project – Rajasthan, India	Operational	INR	1,105.0	Yes	45	45	85,487	80,145
5	#IN5 Wind Power Project – Karnataka, India	Operational	INR	3,756.0	Yes	104	75	229,559	155,148
6	#IN6 Wind Power Project – Maharashtra, Rajasthan, Gujarat and Madhya Pradesh, India	Operational	INR	4,221.0	Yes	213	213	349,838	327,977
7	#IN7 Wind Power Project – Gujarat, India	Operational	INR	446.0	Yes	20	20	35,892	33,649
8	#IN8 Wind Power Project – Gujarat, India	Operational	INR	453.0	Yes	21	21	37,056	34,740
9	#IN14 SECI 2 – Gujarat, India	Operational	SGD INR	80.4 8,559.0	Yes	252	252	723,721	678,496
10	#IN15 SECI 3 – Gujarat, India	Operational	INR	9,500.0	Yes	300	300	903,268	846,824
11	#IN16 Wind Power Project – Gujarat, Karnataka, Maharashtra and Madhya Pradesh, India	Operational	INR	5,200.0	Yes	249	249	506,333	474,693
12	#IN18 Wind Power Project – Maharashtra, India	Operational	SGD	19.1	Yes	24	24	47,491	44,523

Project Type: Onshore wind and solar projects in India									
S/N	Projects	Project Status	Currency	Amount Allocated (million)	Refinancing?	Gross Installed Capacity (MW)	Attributable Installed Capacity (MW)	Annual Electricity Generated (MWh)	Annual Avoided Emissions (tCO ₂ e)
1	#IN9 Wind and #IN13 Wind and Solar Power Project – Tamil Nadu, India ⁹	Operational, wind Operational, solar	INR	1,950.0	No	26 8	20 6	37,268 ¹⁰ 15,123 ¹¹	25,855 ¹⁰ 10,491 ¹¹
2	#IN12 Wind and Solar Power Project – Karnataka, India	Under construction, wind Operational, solar	INR	1,777.0	No	– 29	– 21	– 1,012 ¹²	– 702 ¹²

⁹ #IN9 and #IN13 are reported together as the wind projects are located at the same site but are contracted by two power purchase agreements

^{8, 10, 11 and 12} Full year data not available as the project was only operational in FY2023

4. Assurance Report



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Independent Limited Assurance Report – Limited Assurance Services in relation to the Green Finance Post-Issuances by Sembcorp Industries Ltd and its subsidiaries (“Sembcorp”)

Scope

We have been engaged by Sembcorp to perform a ‘limited assurance engagement’ as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the post-issuance processes for Sembcorp’s Green Bond and Green Loans (the “Subject Matter”) as described in Sembcorp’s Green Financing Framework (the “Framework”) and in Section 2 Allocation Report and Section 3 Eligibility and Impact Report of Sembcorp’s Green Finance Report 2023 (the “Report”) for the year ended 31 December 2023.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information¹ included in the Report, and accordingly, we do not express a conclusion on this information.

Subject Matter and Criteria

The Subject Matter and Criteria for this limited assurance engagement are set out in the table below:

Subject Matter	Criteria
<p>Post-issuance process for Sembcorp’s Green Bond and Green Loans, as described in the Framework and the Report, that sets out:</p> <ul style="list-style-type: none"> ▶ Use of Proceeds ▶ Process for Evaluation and Selection of Projects & Assets ▶ Management of Proceeds ▶ Reporting 	<ul style="list-style-type: none"> ▶ Climate Bond Standard Version 3.0 (“CBS v3.0”) (Post-Issuance Requirements) by the Climate Bonds Initiative (“CBI”) ▶ CBS Sector Eligibility Criteria including: <ul style="list-style-type: none"> ▶ Solar Energy Criteria Version 2.1 ▶ Wind Energy Criteria Version 1.2 ▶ Sembcorp’s Green Financing Framework (2021)

Sembcorp’s Responsibilities

The management of Sembcorp is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes collecting, preparing and presenting the Subject Matter in accordance with the Criteria and, establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

¹ Section 1 Executive Summary

Ernst & Young LLP (UEN T08LL0859H) is a limited liability partnership registered in Singapore under the Limited Liability Partnerships Act 2005. A member firm of Ernst & Young Global Limited.



Limited Assurance Report
Post-issuance process for Sembcorp’s Green Finance Issuance
Page 2

EY’s Responsibilities

Our responsibility is to express a limited assurance conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (“ISAE 3000 (Revised)”). The Standard requires that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our Independence and Quality Management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance and Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of Procedures Performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

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4. Assurance Report (cont'd)



A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our Procedures included:

- ▶ Reviewed the eligibility of Nominated Projects that will tap on the Green Bond and Green Loan Net Proceeds² against the Criteria
- ▶ Checked the Green Bond and Green Loan Net Proceeds back to financing or refinancing arrangements
- ▶ Assessed the value of Eligible Green Projects
- ▶ Checked that the Green Bond and Green Loan Net Proceeds is covered by the value of its selected Eligible Green Projects
- ▶ Assessed alignment of the Report against CBS v3.0's Post-issuance Requirements and relevant CBS Sector Eligibility Criteria
- ▶ Interviewed relevant group level personnel in Sembcorp to understand key issues relating to the selection of Eligible Green Projects and processes for the collection, calculation and reporting of environmental performance indicators
- ▶ Performed process walk-through of systems and processes for data collection, calculation and reporting with relevant personnel to understand the quality of checks and control mechanisms in relation to the Subject Matter in the Report
- ▶ Tested, on a sample basis, underlying source information of allocation of the Green Bond and Green Loan Net Proceeds and selected impact data (i.e., environmental performance indicators) to check the accuracy of the data included in the Report
- ▶ Obtained and reviewed evidence supporting assertions made in the Subject Matter
- ▶ Sought management representation on key assertions

We also performed such other procedures as we considered necessary in the circumstances.

Observations on Particular Aspects of our Engagement

We provide selected observations aligning to CBS v3.0's Post-Issuance Requirements and relevant CBS Sector Eligibility Criteria, to provide the reader with further understanding on how the post-issuance processes of Sembcorp's Green Bond and Green Loans meet the Criteria. These observations are not intended to detract from our conclusion provided.

Use of Proceeds:

- ▶ The Green Bond and Green Loan Net Proceeds will be used for financing and refinancing purposes
- ▶ The Green Bond and Green Loan Net Proceeds support onshore wind and solar energy projects in Singapore, China, India and Oman, that are in conformance with the CBS v3.0 and CBS Sector Eligibility Criteria
- ▶ The value of the Nominated Projects are greater than the Green Bond and Green Loan Net Proceeds

² The gross proceeds of the bonds, loans or other debt instruments minus issuance costs



- ▶ The Green Bond and Green Loan Net Proceeds have been allocated to the Nominated Projects within 24 months of issuance, as at 31 December 2023
- ▶ The Nominated Projects are not nominated for any other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments. The Green Bond and Green Loan Net Proceeds were used to finance or refinance Eligible Green Projects that fall under investment areas listed in CBI Taxonomy and are in conformance with the CBS Sector Eligibility Criteria

Process for Project Evaluation and Selection:

- ▶ Sembcorp has developed a Green Financing Framework that outlines the climate-related objectives of the Green Bond and Green Loans, the eligibility criteria and the process for project selection and evaluation
- ▶ Sembcorp has in place a formal decision-making process which is used to determine the objective of issuing the Green Bond and securing the Green Loans and assess the eligibility of the Nominated Projects against the CBS Sector Eligibility Criteria. The process for project evaluation and selection is conducted by working members from Group Sustainability (GS) and Group Corporate Finance & Treasury (GCF&T). The Green Finance Committee which comprises the Chief Financial Officer, Head of Group Sustainability, and Department Head of GCF&T approves the Green Bond and Green Loans and allocation of the Green Bond and Green Loan Net Proceeds to the Nominated Projects

Management of Proceeds:

- ▶ Sembcorp has implemented processes to manage the Green Bond and Green Loan Net Proceeds and to monitor the use of the proceeds. These processes include:
 - ▶ An ear-marking process through existing internal systems to designate the Green Bond and Green Loan Net Proceeds
 - ▶ A process for deploying any unallocated Green Bond and Green Loan Net Proceeds to cash or cash equivalent instruments temporarily
 - ▶ A process for monitoring the use of Green Bond and Green Loan Net Proceeds and value of the Nominated Projects

Reporting:

- ▶ Sembcorp commits in the Framework, to report on allocation, impact and eligibility annually and to make the Report available on its website
- ▶ The Report includes a breakdown of Green Bond and Green Loan Net Proceeds allocated, the proportion of the Green Bond and Green Loan Net Proceeds used for financing or refinancing and list of Nominated Projects
- ▶ The Report also includes confirmation that the Nominated Projects meet the relevant CBI Sector Criteria requirements
- ▶ The Report also includes the quantitative environmental impact indicators such as gross installed capacity, attributable installed capacity, annual electricity generated and annual avoided emissions. The methodology and assumptions which details how indicators have been measured are also described in the Report
- ▶ The Independent Assurance Report is published on Sembcorp's website under the Sustainable Finance section

4. Assurance Report (cont'd)



Limited Assurance Report
Post-issuance process for Sembcorp's Green Finance Issuance
Page 5

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 22 March 2024 for the year ended 31 December 2023, in order for it to be in accordance with the Criteria.

Use of Report

Our responsibility in performing our limited assurance activities is to the Management of Sembcorp only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance by such third-party may place on Sembcorp's Green Finance issuances is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third-party purpose.

Ernst & Young LLP

Ernst & Young LLP
Singapore
22 March 2024

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