Sembcorp Industries

Annual Report 2023

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Driving Energy Transition

Sembcorp is a leading renewables player in Asia. We are committed to transforming our portfolio from brown to green and driving energy transition, creating lasting value for our stakeholders.

Group FY2023 Highlights#

Turnover
▼10%
S$7,042m

EBITDA[1]
▲37%
S$1,789m

Adjusted EBITDA[2]
▲32%
S$2,053m

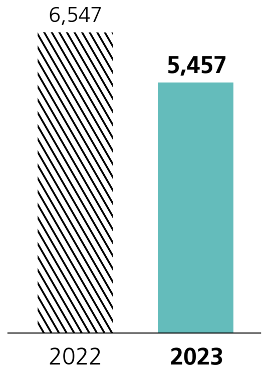
Net Profit before EI
▲38%
S$1,018m

Return on Equity before EI
▲31%
23.8%

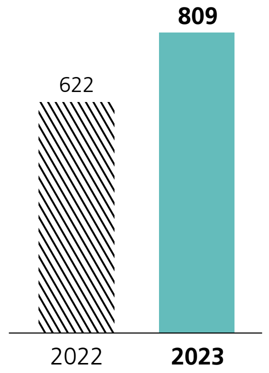
Dividend Per Share
▲8%
13.0 SG cents

Gas and Related Services[3]

Turnover
▼17%
S$5,457m

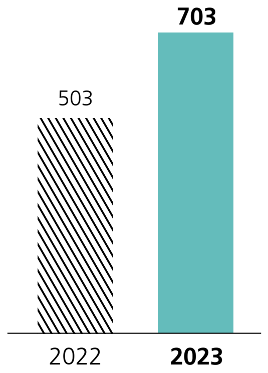


Net Profit before EI
▲30%
S$809m

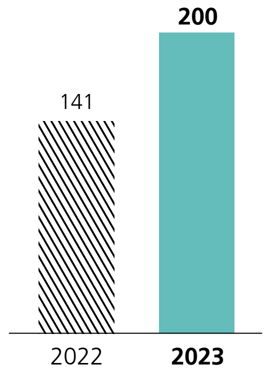


Renewables

Turnover
▲40%
S$703m

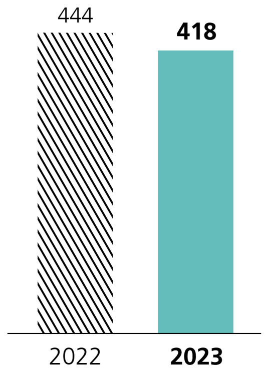


Net Profit before EI
▲42%
S$200m

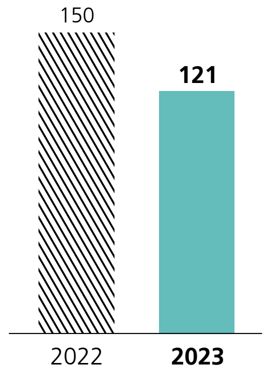


Integrated Urban Solutions

Turnover
▼6%
S$418m

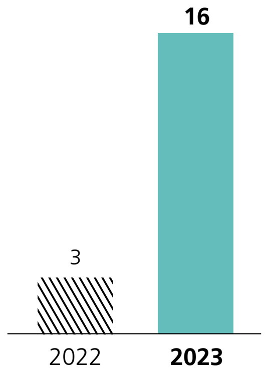


Net Profit before EI
▼19%
S$121m

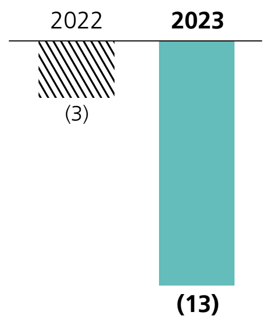


Decarbonisation Solutions

Turnover
S$16m



Net Loss before EI
(S$13m)



EBITDA: earnings before interest, tax, depreciation and amortisation EI: exceptional items m: million

The financial figures pertain to the Group's continuing operations. In 2022, following shareholders' approval of the sale of Sembcorp Energy India Limited (SEIL), SEIL was classified as a disposal group held for sale and as a discontinued operation. The sale was completed on January 19, 2023

1 EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

2 Adjusted EBITDA = reported EBITDA + share of results of associates and joint ventures, net of tax

3 Previously Conventional Energy segment

Growing Market Opportunities

Sembcorp is well-positioned to drive Asia's energy transition

Why: Robust Momentum for Decarbonisation and Electrification

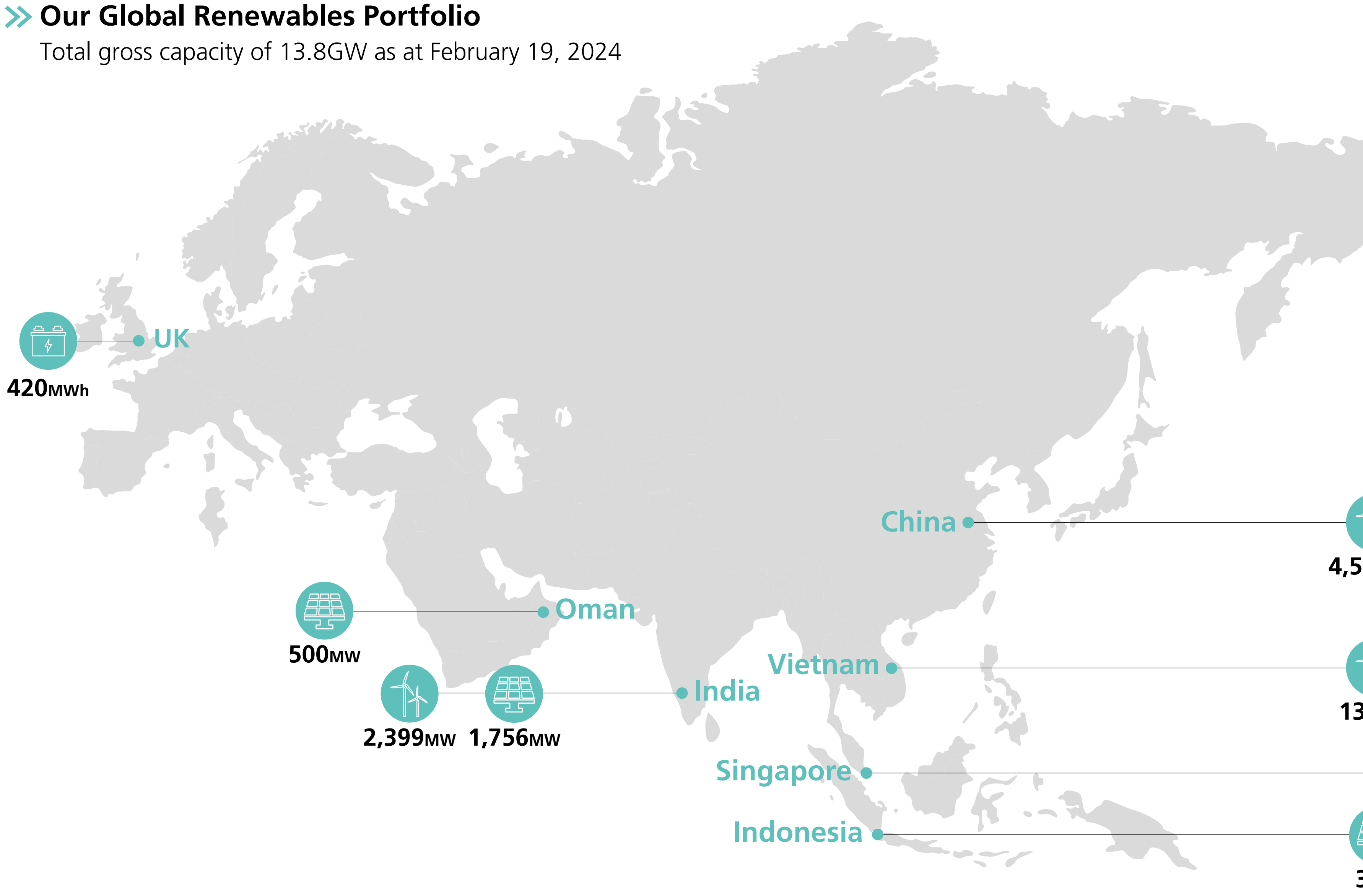
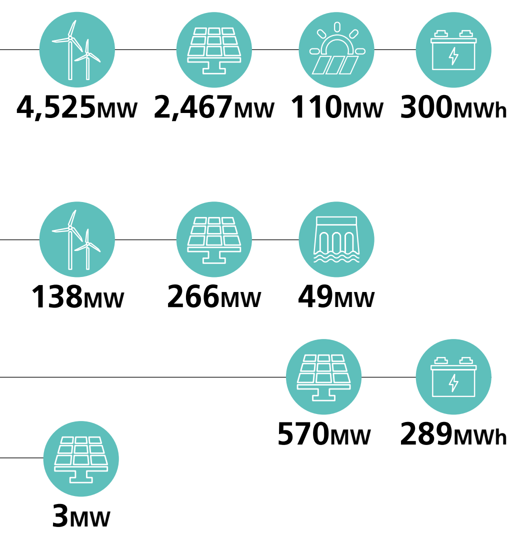
Total Addressable Opportunities in Key Growth Markets

>1,300GW

of renewables growth* between 2023 and 2028

Our Global Renewables Portfolio

Total gross capacity of 13.8GW as at February 19, 2024

MW: megawatt MWh: megawatt-hour GW: gigawatt tCO_2e/MWh: tonnes of carbon dioxide equivalent per megawatt-hour

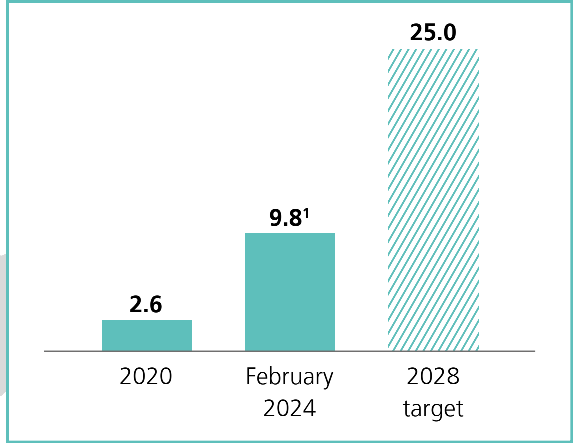
* Onshore wind, solar and energy storage in China, India and Southeast Asia

Source: GlobalData (October 2023)

What and When: Portfolio Transformation Continues

MORE
Renewables

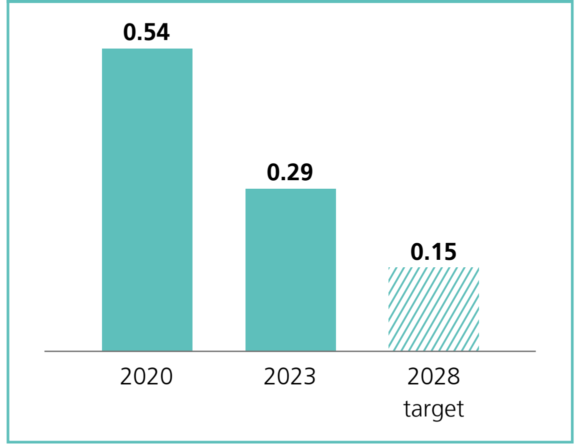
Gross installed capacity, GW



[1] Include an acquisition pending completion

LOWER
Emissions Intensity[2]

tCO_2e/MWh



[2] Emissions intensity target covers Scope 1 (direct emissions) from energy generation, and Scope 2 (indirect emissions) from energy consumption

Renewables capacity includes wind, solar, hydro and energy storage. Energy storage capacity is presented in MWh

- Wind
- Solar
- Concentrated Solar
- Hydro
- Energy storage

Leveraging Strengths

Focused on execution to drive our brown to green strategy

Industry Challenges

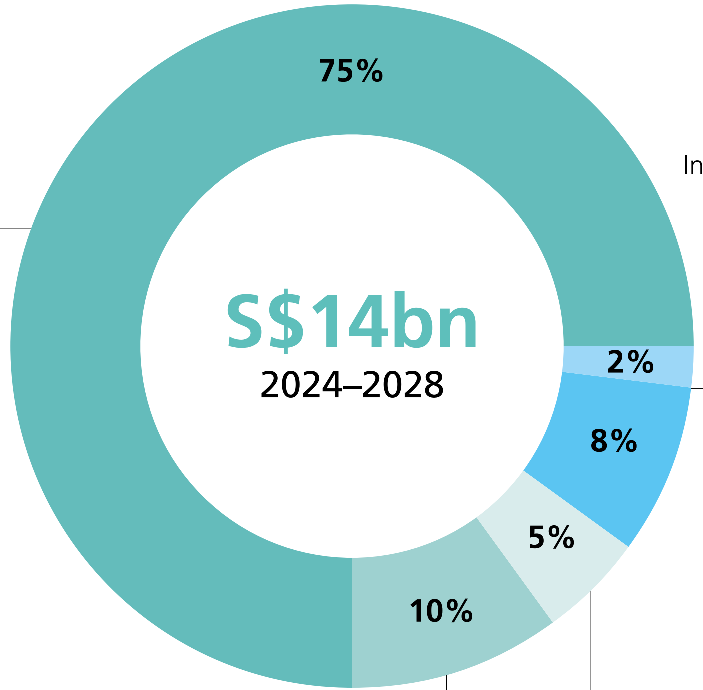
- Competition and Regulation
- Capital
- Talent

Leveraging Capabilities

- Differentiated Market Strategies
- Active Capital Management
- Best-in-class Capabilities

Focused Capital Allocation Plan

Renewables
Continue to grow in key markets

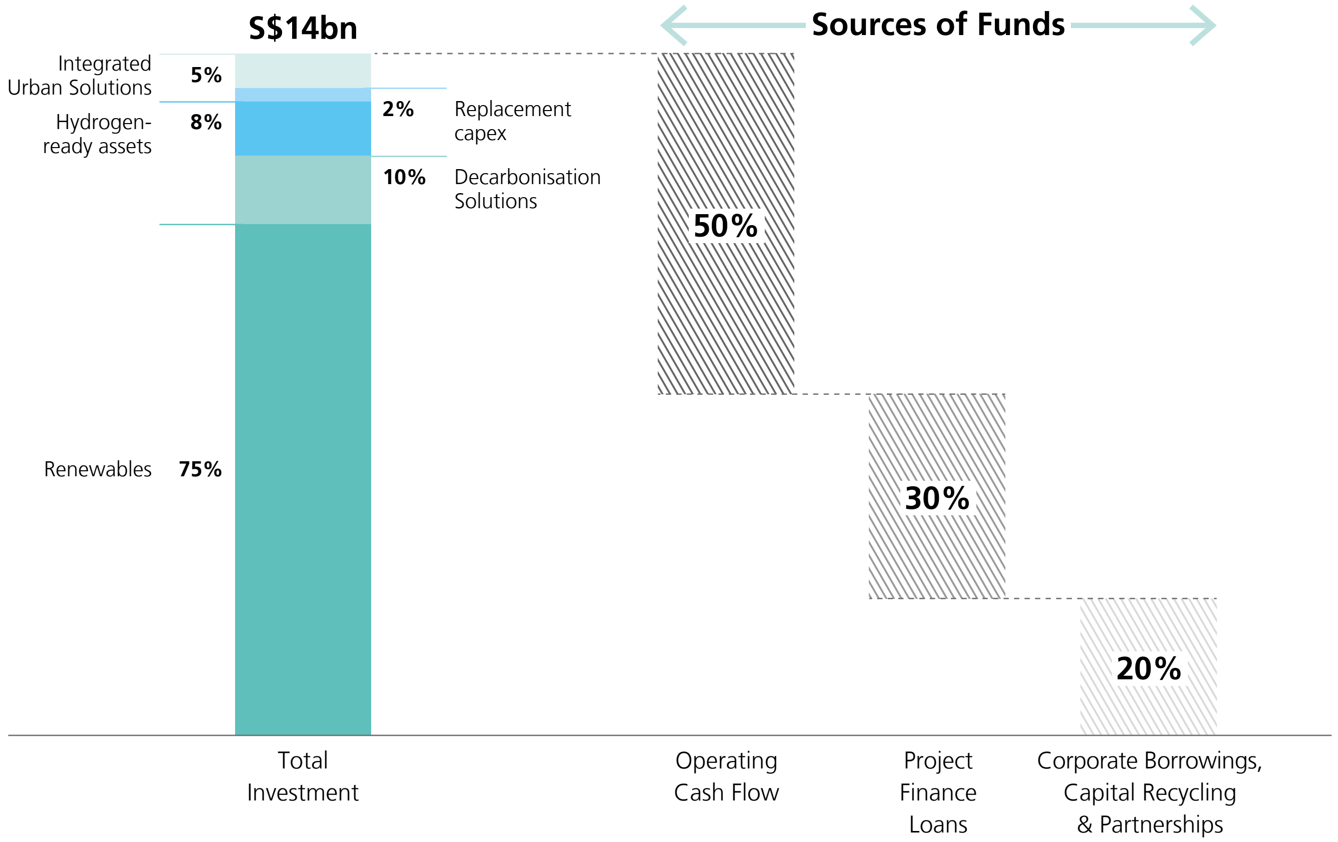


Business-As-Usual
Investments into hydrogen-ready assets (8%) and replacement capex (2%) to maintain strong cash flow generation and fund renewables investments

Decarbonisation Solutions
Explore and expand offerings on decarbonisation solutions for growth beyond 2028

Integrated Urban Solutions
Continue to build up land bank with stable performance expected

Strong Access to Diversified Funding Sources



bn: billion

Climate Roadmap and Journey

Committed to sustainability: setting key targets for the next phase of growth

Key actions:

1. Grow renewables
2. Reduce emissions
3. Invest in low-carbon initiatives

2018

First Singaporean energy company to publish a climate strategy

2021

Set 2025, 2030 and 2050 climate action targets

2023

Set 2028 climate action targets

2025

Targets
(set in 2021)

Renewables[1]
10GW

Emissions intensity[2]
0.40
tCO_2e/MWh
aligned with well below 2°C pathway

2028

Targets
(set in 2023)

Renewables[1]
25GW

Emissions intensity[2]
0.15
tCO_2e/MWh
aligned with 1.5°C pathway

2030

Target
(set in 2021)

Absolute emissions[2]
2.7
$mtCO_2e$
aligned with 1.5°C pathway

2050

Target to achieve net zero

GW: gigawatt tCO_2e/MWh: tonnes of carbon dioxide equivalent per megawatt-hour $mtCO_2e$: million tonnes of carbon dioxide equivalent

[1] Gross installed renewable energy capacity

[2] Emissions intensity and absolute emission targets cover Scope 1 (direct emissions) from energy generation, and Scope 2 (indirect emissions) from energy consumption

Chairman and CEO's Statement

Sembcorp is well-positioned to navigate the path of energy transition. The 2024–2028 strategy provides a clear direction for us, to accelerate growth in our key markets and deliver value in the years ahead for our stakeholders.

Dear Shareholders,

We have done well despite a challenging 2023.

Concerns on inflation and high interest rates exacerbated by growing geopolitical tensions lingered in 2023. This led to a marked shift from globalisation and an increasing pace of energy transition, in response to growing demands for energy security and resilience. At the United Nations Climate Change Conference (COP 28), over 100 countries pledged to triple the world's installed renewable energy capacity and double the global average annual rate of energy efficiency improvement yearly until 2030[1]. Renewable energy remains the trending development and as a steward of responsible energy transition, we recognise Sembcorp's pivotal role in shaping a sustainable, low-carbon future.

Creating Shareholder Value

In 2023, the Group maintained focus on executing its strategic plan and delivered a robust performance. Net profit from continuing operations before exceptional items (EI) was S$1 billion, a 38% increase from S$739 million in 2022. This was driven by strong contributions from the Gas and Related Services as well as Renewables segments. Return on equity before EI was 23.8%, an improvement from 18.2% in 2022.

Net profit after EI and discontinued operation[2] was S$942 million, an increase of 11% from S$848 million in 2022. EI comprised income of S$2 million and a net loss of S$78 million from discontinued operation. The net loss of S$78 million arose from the realisation of an accumulated currency translation loss recognised in the foreign currency translation reserve and a gain in capital reserve and other reserves from the disposal of Sembcorp Energy India Limited[2].

Earnings from our Gas and Related Services segment grew by 30% to S$809 million, driven by higher power prices and margins achieved in Singapore. With our unique position as one of the largest importers of natural gas into Singapore, we have been able to offer long-term power purchase agreements (PPAs) to customers, helping them navigate the volatile energy market through our reliable gas access and costs transparency. In 2023, we signed long-term PPAs with Micron Semiconductor Asia Operations, Singapore Telecommunications and ST Telemedia Global Data Centres, which provide a secure base load of demand for our Singapore cogeneration assets. Consequently, we now have a strong, secure and stable stream of operating cash flows which can be channelled into funding green and energy transition investments.

The Renewables segment continued to show strong underlying performance, with net profit of S$200 million during the year, a 42% growth compared to 2022. Leveraging organic growth and partnerships, our gross installed renewables capacity is at 9.8GW while gross renewables capacity has increased to 13.8GW as of February 2024. Renewables now represents 65% of Sembcorp's energy portfolio and we will continue to build up our renewables portfolio.

Net profit from the Integrated Urban Solutions segment decreased to S$121 million from S$150 million in 2022, mainly due to lower commercial and residential land sales in the Vietnam Urban business and the cessation of a public cleaning contract in the waste management business in Singapore. While earnings in the Urban business were below our expectations, we remain optimistic as strong market potential remains in Vietnam and Indonesia, and a strategic review of the Urban business is underway.

With the stronger operating performance, free cash flow increased to S$2.0 billion from S$1.7 billion the year before. Leverage ratios similarly improved, with Net Debt-to-Adjusted EBITDA reducing to 3.2x from 3.7x. Adjusted EBITDA-to-Interest was steady, at 5.0x.

The Board of Directors has proposed a final dividend of 8 cents per share, in view of the strong performance. Together with the interim dividend of 5 cents paid in August 2023, the total dividend for 2023 will be 13 cents per share, higher than the dividend of 12 cents per share in 2022. Total shareholder return (TSR) for the year was 62%, a significant outperformance against the benchmark Straits Times Index's TSR of 5%.

Reaffirming Our Commitment to ESG, Enhancing Capabilities

Our approach to community investments mirrors our strategy to increase the use of renewable energy and enable a low-carbon future. We collaborate with charities and communities across our markets, supporting the installation of solar power systems to achieve the United Nation Sustainable Development Goal 7: Affordable and Clean Energy. In Singapore, we have set aside S$25 million in the Sembcorp Energy for Good Fund to drive decarbonisation programmes in the charity sector. We look forward to delivering positive impact, leveraging our strengths to enable communities to decarbonise and build capabilities, ultimately improving quality of lives.

People are the foundation of our success. We will continue to invest in training and employee development to nurture our global talent pool. We remain committed to promote strong ownership of workplace health and safety and prioritise safety and well-being in our operations.

Sembcorp wind assets in Henan, China

1 COP28: Global Renewables and Energy Efficiency Pledge. https://www.cop28.com/en/global-renewables-and-energy-efficiency-pledge

2 In January 2023, the Group completed the sale of Sembcorp Energy India Limited (SEIL) and the financials of SEIL are reported under discontinued operation

Chairman and CEO's Statement

Solar photovoltaic (PV) systems installed on top of housing blocks as part of Singapore's SolarNova programme

Regrettably, there was one incident of work-related fatality which occurred at a project site in Indonesia during the year. We are deeply saddened by the loss. A thorough investigation was carried out, following which preventive measures were implemented to prevent recurrence. We have also instituted targeted initiatives to enhance the identification and mitigation of unsafe conditions or actions at our operations and project sites.

Driving Energy Transition: 2028 Targets and Beyond

As we reflect on the past year, we extend our sincere appreciation to our former Chairman Ang Kong Hua and our former independent director Tham Kui Seng, for their dedication and strategic guidance. Their contributions, alongside those of other esteemed board members, have been instrumental in our successes.

We would also like to express our gratitude and appreciation to non-executive and independent director Ajaib Haridass, who will be stepping down from the board at the upcoming annual general meeting. We are grateful to Mr Haridass for his invaluable contributions and wise counsel over the years. We warmly welcome Kunnasagaran Chinniah, Marina Chin Li Yuen and Ong Chao Choon, who were appointed as non-executive and independent directors during the year. Collectively, they bring a wealth of senior leadership experience spanning various industries to Sembcorp.

With a refreshed board, we look to jointly usher in a new era with the management team. During the year, the board and management worked concertedly to craft our strategy that underscores our commitment to transform our portfolio from brown to green and drive energy transition. The collaborative effort culminated in our second Investor Day in November 2023, where we unveiled our 2024–2028 strategic plan with the following targets:

Accelerate renewables growth

- We aim to grow our gross installed renewables capacity to 25GW by 2028. As of February 2024, our gross installed renewables capacity was 9.8GW.

Strengthen commitment to decarbonisation[3]

- By 2028, we aim to halve our emissions intensity to 0.15 tCO_2e/MWh from 0.29 tCO_2e/MWh in 2023. The company is committed and on track to achieve its target of reducing absolute emissions to 2.7 million tCO_2e by 2030, and deliver net-zero emissions by 2050.

[3] GHG emissions intensity target refers to the Group's total Scope 1, Scope 2 and biogenic emissions, divided by total energy generated and purchased. 2030 and 2050 targets cover the Group's absolute Scope 1 and Scope 2 emissions. Our GHG emissions (absolute and intensity) are calculated using an equity share approach in accordance with the GHG Protocol

Continue to leverage gas as a transition fuel to fund renewables growth

Our existing gas assets support Asia's energy needs. We will actively manage our gas portfolio to support Asia's shift to a clean and responsible energy future and to meet its carbon commitment. Our contracted gas portfolio provides cash flow visibility and will continue to contribute meaningfully through 2028. This cash flow will be used to fund the growth of our Renewables segment.

A Note of Thanks

We would like to thank the Sembcorp team for their hard work and dedication as we drive Sembcorp's growth and transformation. Our profound gratitude also goes to you, our shareholders and stakeholders, for your steadfast support. The board and management will work together to ensure the success and execution of Sembcorp's strategy. As we navigate the evolving landscape, we are confident that the synergies between the board, management and Sembcorp team will lead us to greater heights. Sembcorp is well-positioned to navigate the path of energy transition and sustainable development, as a leading Asian renewable energy player and a sustainable urban developer. We will accelerate growth in our strategic markets and the delivery of value in the years ahead for our stakeholders.

Tow Heng Tan
Chairman

Wong Kim Yin
Group President & CEO

February 19, 2024

Sembcorp Cogeneration Plant, Banyan and solar panels installed on the rooftop of one of Sembcorp's facilities on Jurong Island, Singapore

Group Financial Review

Financial Highlights

	2023	2022[1]	Change (%)
For the year *(S$ million)*			
Turnover	**7,042**	7,825	(10)
Gas and Related Services	**5,457**	6,547	(17)
Renewables	**703**	503	40
Integrated Urban Solutions	**418**	444	(6)
Decarbonisation Solutions	**16**	3	NM
Other Businesses and Corporate	**448**	328	37
Earnings before interest, tax, depreciation and amortisation (EBITDA)[2]	**1,789**	1,308	37
Share of results: associates and joint ventures, net of tax	**264**	248	6
Adjusted EBITDA	**2,053**	1,556	32
Profit before tax	**1,230**	865	42
Net profit before exceptional items	**1,018**	739	38
Gas and Related Services	**809**	622	30
Renewables	**200**	141	42
Integrated Urban Solutions	**121**	150	(19)
Decarbonisation Solutions	**(13)**	(3)	NM
Other Businesses and Corporate	**(99)**	(171)	42
Exceptional items	**2**	(35)	NM
Net profit from continuing operations	**1,020**	704	45
Net profit from discontinued operation	**(78)**	144	NM
Net profit	**942**	848	11
Capital position *(S$ million)*			
Owners' funds	**4,588**	3,977	15
Total assets	**15,497**	16,020	(3)
Net debt	**6,487**	5,816	12
Operating cash flow	**1,481**	1,652	(10)
Free cash flow	**1,962**	1,722	14
Capital expenditure and equity investment	**1,566**	1,747	(10)
Shareholder returns			
Net assets per share *(S$)*	**2.58**	2.24	15
Earnings per share *(cents)*	**52.83**	47.59	11
Earnings per share – continuing operations *(cents)*	**57.21**	39.51	45
Dividends per share *(cents)*	**13.00**	12.00	8
Last traded share price[3] *(S$)*	**5.31**	3.38	57
Total shareholder return *(%)*	**62**	73	(15)

NM: not meaningful

1 Following shareholders' approval of the sale of Sembcorp Energy India Limited (SEIL), SEIL was classified as a disposal group held for sale and as a discontinued operation

2 EBITDA excludes major non-cash items such as effects of fair value adjustments, re-measurements, impairments, and write-offs

3 As at December 31 of the respective years

Overview

In 2023, Sembcorp continued to accelerate its portfolio transformation through disciplined investments in greenfield and brownfield renewables assets as well as organic growth. The Group achieved a 45% increase in net profit to S$1 billion from continuing operations, attributable to higher earnings from the Gas and Related Services and Renewables segments.

In January 2023, the Group completed the sale of SEIL. Accordingly, the financials of SEIL were reported as a discontinued operation. A S$78 million loss on disposal of SEIL was recognised in 2023, due to the realisation of an accumulated foreign currency translation loss recognised in the foreign currency translation reserve, offset by a gain in capital reserve and other reserves. Including discontinued operation, the Group reported a net profit of S$942 million, 11% higher than S$848 million in 2022.

In November 2023, the Group announced its 2024–2028 strategic plan, reaffirming its commitment to transform its portfolio from brown to green. The Group's business is now categorised into five main segments, namely Gas and Related Services, Renewables, Integrated Urban Solutions, Decarbonisation Solutions and Other Businesses and Corporate, with comparatives re-presented accordingly.

Turnover

The Group's turnover from continuing operations decreased by S$783 million or 10% to S$7.0 billion in 2023, from S$7.8 billion in 2022.

The Gas and Related Services segment's turnover of S$5.5 billion was 17% or S$1.1 billion lower than 2022. The decrease was attributed to lower gas sales revenue in Singapore and lower power prices in the UK.

Revenue from the Renewables segment increased by 40% to S$703 million, compared to S$503 million in 2022. The increase was attributable to acquisitions in India and China, higher operational capacity as well as contribution from the new energy storage system in Singapore.

The Integrated Urban Solutions segment recorded a turnover of S$418 million, 6% lower than 2022 due to the cessation of a public waste collection contract in the Singapore waste management business.

The Decarbonisation Solutions segment comprises business activities from the Group's carbon management business, GoNetZero™, low-carbon feedstock (green hydrogen and ammonia), power imports as well as carbon capture, utilisation and storage businesses. In 2023, GoNetZero™ reported a turnover of S$16 million.

The Other Businesses and Corporate segment reported a turnover of S$448 million, 37% higher compared to 2022, from higher activities in the construction business.

Net Profit

Net profit from continuing operations before exceptional items increased 38% to S$1 billion, achieved through better performance from the Gas and Related Services and Renewables segments.

Including the discontinued operation, net profit after exceptional items in 2023 was S$942 million compared to S$848 million in 2022.

In 2023, the Gas and Related Services segment delivered a net profit before exceptional items of S$809 million, compared to S$622 million in 2022. The better performance was driven by the cogeneration power plants in Singapore, which continued to capture value in periods of high power prices through the optimisation of generation assets and fuel sources. The better performance was offset by lower power prices in the UK. Given the escalating conflict in Myanmar since October 2023, the credit risk on the service concession receivables for Sembcorp Myingyan Power Company Limited (SMPC) was assessed to have increased. An expected credit loss provision of S$18 million was made for SMPC in 2023 (2022: S$81 million).

The Renewables segment recorded a net profit before exceptional items of S$200 million, 42% higher compared to S$141 million in 2022. This was mainly driven by contributions from the completed acquisition in India, full-year contribution from acquisitions in China, and higher margins achieved as a result of higher energy prices for the Singapore solar business.

Net profit before exceptional items from the Integrated Urban Solutions segment was S$121 million compared to S$150 million in 2022. The lower net profit was due to lower commercial and residential land sales in Vietnam and the absence of a one-time termination fee received from a customer in China in 2022. Excluding the one-off termination fee, earnings from the water business would have been higher year-on-year.

Cash Flow and Liquidity

As at December 31, 2023, the Group's cash and cash equivalents in the cash flow statement stood at S$732 million. Net cash from operating activities stood at S$1.5 billion, compared to 2022 of S$1.7 billion. 2022 amounts included cash flow from SEIL. Post disposal of SEIL, the consideration was received in the form of deferred payment note receipts, which is now recognised as cash from investing activities.

Net cash used in investing activities was S$878 million, mainly for the acquisitions of renewables portfolios such as Vector Green in India, as well as Qinzhou Yuanneng Wind Power and Binyang County Santai Energy Technology in China totalling S$502 million, and the purchase of property, plant and equipment of S$826 million. The cash used in investing activities was offset by receipts of S$355 million from the deferred payment note.

Net cash used in financing activities was mainly due to interest payments and net repayment of loans of S$772 million, as well as dividend payments to shareholders of S$231 million.

Financial Position

Group shareholders' funds increased to S$4.6 billion as at December 31, 2023, from S$4.0 billion as at December 31, 2022. The increase was mainly due to higher profit for the year offset by dividends to shareholders, loss on fair value changes and increased foreign currency translation loss mainly from the depreciation of the Indian Rupee and Chinese yuan against the Singapore dollar.

Group Financial Review

The net reduction in total assets was mainly because of the disposal of SEIL's net assets, previously classified as assets and liabilities held for sale, net of increase in property, plant and equipment, including the effect of consolidation of the subsidiaries acquired during the year.

The lower cash balance resulted from the Group's proactive capital management, where excess cash was deployed to fund investments and repayment of borrowings.

Net Debt
Gross debt was S$7.3 billion as at December 31, 2023 compared to S$7.1 billion in 2022. Net debt was S$6.5 billion as at December 31, 2023 compared to S$5.8 billion in 2022. The S$671 million increase in net debt was largely due to the consolidation of borrowings of the subsidiaries acquired, offset by repayments of borrowings during the year.

Shareholder Returns
In 2023, the return on equity of the Group's continuing operations was 23.8% and earnings per share was 52.8 cents. Subject to approval by shareholders at the upcoming annual general meeting in April 2024, a final dividend of 8.0 cents per ordinary share has been proposed. Together with the interim dividend of 5.0 cents per ordinary share paid in August 2023, this brings the Group's total dividend for the financial year ended December 31, 2023, to 13.0 cents per ordinary share, an increase from 12.0 cents per ordinary share in 2022.

Five-year Financial Performance

	2023	2022[1]	2021	2020[2]	2019
For the year *(S$ million)*					
Turnover	**7,042**	7,825	7,795	5,447	9,618
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**1,789**	1,308	1,288	1,184	1,535
Share of results: associates and joint ventures, net of tax	**264**	248	206	233	184
Adjusted EBITDA	**2,053**	1,556	1,494	1,417	1,719
Profit before tax	**1,230**	865	423	211	295
Net profit from continuing operations	**1,020**	704	279	157	247
Discontinued operation	**(78)**	144	–	(1,154)[4]	–
Net profit	**942**	848	279	(997)	247
At year end *(S$ million)*					
Property, plant and equipment, and investment properties	**6,618**	5,438	7,232	7,339	12,331
Other non-current assets	**6,173**	4,074	3,230	3,219	4,826
Net current (liabilities) / assets	**(770)**[5]	1,687	1,028	877	83
Non-current liabilities	**(7,149)**	(6,983)	(7,572)	(7,959)	(9,361)
Net assets	**4,872**	4,216	3,918	3,476	7,879
Share capital and reserves	**4,588**	3,977	3,767	3,339	6,871
Non-controlling interests	**284**	239	151	137	1,008
Total equity	**4,872**	4,216	3,918	3,476	7,879
Per share					
Earnings *(cents)*	**52.83**	47.59	15.64	(56.81)	11.81
Net assets *(S$)*	**2.58**	2.24	2.12	1.87	3.85
Dividends *(cents)*	**13.0**	12.0	5.0	4.0	5.0

[1] Following shareholders' approval of the sale of SEIL on November 8, 2022, the performance of SEIL for the period was reported under discontinued operation
[2] Following the completion of the distribution *in specie* of ordinary shares in the capital of Sembcorp Marine to Sembcorp Industries shareholders, the performance of the Marine business for the period from January 1, 2020, to September 11, 2020, was reported as a discontinued operation
[3] EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments, and write-offs
[4] Loss from discontinued operation included fair value loss of S$970 million on distribution *in specie* of ordinary shares in the capital of Sembcorp Marine
[5] The Group's net current liabilities position in 2023 was transitional, as approximately 85% of the total S$1.3 billion borrowing due within the next 12 months is in various stages of being refinanced and 15% is under project finance amortised repayments. The Group has S$1.9 billion of committed unutilised credit facilities available for drawdown with maturity beyond 2024

Value Added and Productivity Data

In 2023, the Group's total value added was S$2.6 billion. This was absorbed by employees in wages, salaries and benefits of S$509 million, by governments in income and other taxes of S$187 million and by providers of capital in interest, dividends and distribution of S$642 million, leaving a balance of S$1.3 billion reinvested in business

Value added statement *(S$ million)*

	2023[1]	2022[1]	2021	2020	2019
Value added from					
Turnover	**7,042**	7,825	7,795	5,447	9,618
Less: Bought-in materials and services	**(4,886)**	(6,100)	(6,115)	(4,075)	(7,458)
Gross value added	**2,156**	1,725	1,680	1,372	2,160
Investment, interest and other income	**305**	299	216	228	526
Share of results: associates and joint ventures, net of tax	**264**	248	206	233	184
Other non-operating expenses	**(77)**	(96)	(67)	(88)	(147)
	2,648	2,176	2,035	1,745	2,723
Distribution					
To employees in wages, salaries and benefits	**509**	485	494	396	820
To government in income and other taxes	**187**	116	62	37	233
To provider of capital in:					
Interest on borrowings	**410**	309	423	461	586
Dividends to owners	**232**	124	107	2,615	71
Profit attributable to perpetual securities holders	**–**	–	–	17	36
	1,338	1,034	1,086	3,526	1,746
Retained in business					
Depreciation and amortisation	**454**	372	457	444	682
Deferred tax expense / (credit)	**14**	36	63	(25)	(91)
Retained profits	**788**	580	172	(2,443)	140
Non-controlling interests	**28**	23	21	22	(30)
	1,284	1,011	713	(2,002)	701
Other non-operating expenses	**26**	131	236	221	276
	1,310	1,142	949	(1,781)	977
Total distribution	**2,648**	2,176	2,035	1,745	2,723

Productivity data[2]

	2023[1]	2022[1]	2021	2020	2019
Average staff strength	**5,099**	4,981	5,740	5,426	16,575
Employment costs *(S$ million)*	**509**	485	494	396	820
Profit after tax per employee *(S$'000)*	**206**	146	52	33	13
Value added *(S$ million)*	**2,156**	1,725	1,680	1,372	2,160
Value added per employee *(S$'000)*	**423**	347	293	253	130
Value added per dollar employment costs *(S$'000)*	**4.24**	3.56	3.40	3.46	2.63
Value added per dollar investment in property, plant and equipment *(S$)*	**0.22**	0.21	0.16	0.13	0.12
Value added per dollar sales *(S$)*	**0.31**	0.22	0.22	0.25	0.22

[1] Excludes the loss on disposal of SEIL, which is reported under discontinued operation
[2] The figures reflect data for continuing operations only

Group Financial Review

Treasury Management

Sembcorp Financial Services (SFS), the Group's wholly-owned treasury vehicle, manages the Group's financing and treasury activities in Singapore and oversees such activities in other markets with the respective business units. Funds borrowed by SFS are on-lent to businesses within the Group, where appropriate.

SFS and its overseas treasury units undertake active cash management to recycle surplus cash within the Group and manage debt through prudent review of its refinancing requirements. We have set up cash pooling structures in various countries, utilising surplus funds from businesses and lending to those with funding requirements. Such proactive cash management continues to be an efficient and cost-effective way of managing the Group's cash and meet funding requirements.

Facilities

As at December 31, 2023, the Group's total credit facilities, including its Multicurrency Debt Issuance Programmes and Euro Medium Term Note (EMTN) Programme, amounted to S$17.0 billion (2022: S$13.4 billion). This comprised borrowing facilities of S$15.5 billion (2022: S$12.0 billion) and trade-related facilities of S$1.5 billion (2022: S$1.4 billion), including but not limited to bank guarantees, letters of credit, bid bonds and performance bonds.

Borrowings and Bond Issuance

The Group aims to closely align the structure and maturity profile of its debt with the commercial profile of its core assets, while focusing on maintaining adequate liquidity for its businesses. Banking relationships remain important to ensure that funding is secured on competitive terms, as and when commercially viable and strategically attractive opportunities arise.

On March 15, 2023, SFS issued a S$350 million green bond under the S$3 billion Multicurrency Debt Issuance Programme. The net proceeds of the green bond will be used to finance or refinance, in whole or in parts, new or existing energy projects which fall in the list of Eligible Green Projects under the Sembcorp Green Financing Framework.

On July 31, 2023, the company, jointly with SFS, established an additional S$5 billion EMTN Programme. This is in addition to the existing S$3 billion and S$2.5 billion Multicurrency Debt Issuance Programmes. Under the EMTN Programme, the company, together with SFS and certain other subsidiaries of the company (the Subsidiary Issuers), may from time to time issue notes and securities under the EMTN Programme subject to availability of funds from the market. The obligations of SFS and the Subsidiary Issuers under the EMTN Programme are fully guaranteed by the company.

As at December 31, 2023, the Group's gross borrowings amounted to S$7.3 billion (2022: S$7.1 billion). The Group remains committed to ensuring a diversified and optimised funding base, while working towards achieving prudent financial ratios.

The overall debt portfolio in 2023 comprised 72% (2022: 66%) of fixed rate debt and 28% (2022: 34%) of floating rate debt. We will continue to actively monitor and manage the debt portfolio mix in the current high interest rate environment.

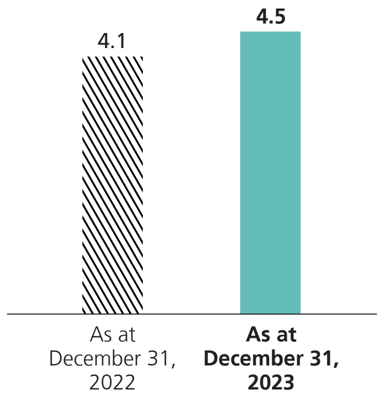
Financing and treasury highlights *(S$ million)*

	2023	2022
Source of funding		
Cash and cash equivalents	**767**	1,254
Borrowing facilities (including the Multicurrency Debt Issuance Programme)		
Committed borrowing facilities	**9,662**	9,496
Less: Amount drawn down	**(7,205)**	(7,070)
Unutilised committed borrowing facilities	**2,457**	2,426
Uncommitted borrowing facilities	**5,850**	2,536
Less: Amount drawn down	**(49)**	–
Unutilised uncommitted borrowing facilities	**5,801**	2,536
Total unutilised borrowing facilities	**8,258**	4,962
Trade-related facilities		
Facilities available	**1,498**	1,412
Less: Amount used	**(550)**	(500)
Unutilised trade-related facilities	**948**	912
Funding profile		
Maturity profile		
Due within one year	**1,281**	1,096
Due between one to five years	**3,180**	3,593
Due after five years	**2,793**	2,381
	7,254	7,070
Debt mix		
Fixed rate debt	**5,234**	4,699
Floating rate debt	**2,020**	2,371
	7,254	7,070

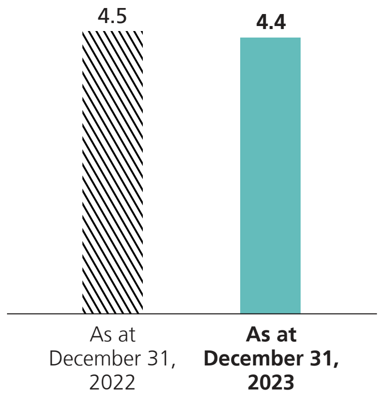
	2023	2022
Group debt financial ratios		
Interest cover ratio		
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**1,789**	1,308
Adjusted EBITDA[1]	**2,053**	1,556
Finance costs	**409**	310
EBITDA / Finance costs	**4.4**	4.2
Adjusted EBITDA[1] / Finance costs	**5.0**	5.0
Debt ratios		
Net debt / EBITDA	**3.6**	4.4
Net debt / Adjusted EBITDA	**3.2**	3.7

[1] Adjusted EBITDA = reported EBITDA + share of results of associates and JV, net of tax

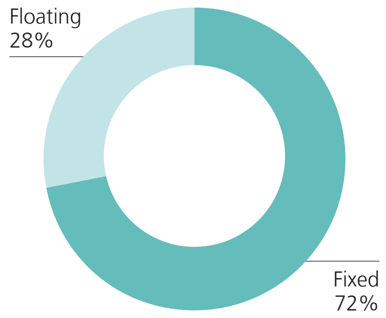
Weighted Average Cost of Debt
(%)



Weighted Average Debt Maturity
(years)



Hedging Profile
As at December 31, 2023



Our Businesses

Gas and Related Services

Strategic Priorities
- Deliver efficient and reliable energy through the transition
- Implement optimisation projects to improve efficiency, manage assets for value

» *Refer to pages 22 to 24*

Renewables

Strategic Priorities
- Accelerate growth via partnerships and platforms
- Enhance portfolio returns through robust asset and capital management

» *Refer to pages 25 to 30*

Integrated Urban Solutions

Strategic Priorities
- Continue to build land bank
- Tap on capabilities to expand offerings in sustainable infrastructure and low carbon solutions

» *Refer to pages 31 to 33*

Decarbonisation Solutions

Strategic Priorities
- Pursue renewables import projects
- Invest in low-carbon alternatives to drive energy transition beyond 2028

» *Refer to pages 34 to 35*

Financial Indicators *(S$ million)*

	Gas and Related Services 2023	2022	Change *(%)*	Renewables 2023	2022	Change *(%)*	Integrated Urban Solutions 2023	2022	Change *(%)*	Decarbonisation Solutions 2023	2022	Change *(%)*
Turnover[1]	5,457	6,547	(17)	703	503	40	418	444	(6)	16	3	NM
EBITDA[2]	1,088	886	23	513	353	45	120	131	(8)	(14)	(2)	NM
Adjusted EBITDA[3]	1,182	979	21	601	415	45	202	225	(10)	(14)	(3)	NM
Net profit before exceptional items	809	622	30	200	141	42	121	150	(19)	(13)	(3)	NM
Return on equity before exceptional items *(%)*	40.7	34.8	17	11.0	10.2	8	6.7	8.5	(21)	NM	NM	NM

EBITDA: Earnings before interest, tax, depreciation and amortisation NM: not meaningful

1 Turnover figures are stated before inter-segment eliminations

2 EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs

3 Adjusted EBITDA = reported EBITDA + share of results from associates and joint ventures, net of tax

Gas and Related Services

Competitive Edge

Established player with 6.1GW of gas-fired power portfolio comprising installed and under construction assets	Global track record as an originator, owner, investor, operator and optimiser of energy assets with strong technical, operational and management capabilities	One of the largest natural gas players in Singapore and the nation's first commercial importer and retailer of natural gas, offering a comprehensive suite of gas and related services

The Gas and Related Services portfolio comprises 6.1GW of gas-fired power capacity across various geographies including Bangladesh, China, Myanmar, Oman, Singapore, the UK, the United Arab Emirates and Vietnam. In Singapore, Sembcorp is one of the largest natural gas players and provides a comprehensive suite of gas and related services such as gas sourcing, importation and trading.

High Contracted Position Underpins Strong Operating Cash Flow and Earnings Stability

In Singapore, we were the first in the market to secure multiple long-term power purchase agreements (PPAs) with our customers in 2023. These include an 18-year PPA to supply up to 450MW of power to Micron Semiconductor Asia Operations, a 10-year PPA with Singapore Telecommunications with an annual contract value of approximately S$180 million and PPAs to supply up to 100MW of power to subsidiaries of ST Telemedia Global Data Centres over a period of between eight and 10 years. As of end 2023, our gas-fired power portfolio in Singapore is 99% contracted, an increase from 80% as of end 2022 and the proportion of contracts with a tenure of more than five years increased substantially to 74% from 1% of the portfolio the year before. These contracts have an average tenure of 12 years, transforming our merchant-centric portfolio into one that yields a stable, recurring income. The high level of contracted capacity also insulates the business from the impact of regulatory interventions on our Singapore portfolio.

Key Developments

- First gas-fired power generator in Singapore to secure multiple long-term PPAs with industrial and commercial customers
- Diversified our gas supply in Singapore with a gas sales agreement with Medco E&P Natuna for a contract value of approximately S$1.9 billion for four years starting from 2024
- Commenced construction of a new multi-utilities centre on Jurong Island in Singapore including a 600MW hydrogen-ready combined cycle power plant

Operational Indicators *(MW)*

	2023[1]	2022
Gross gas-fired and diesel-fired power capacity	**6,119**	5,517
– Gas	**6,059**	5,457
– Diesel	**60**	60
Contracted gas-fired and diesel-fired capacity with long-term agreements[2]	**3,782**	3,114

1 2023 capacity included a 600MW hydrogen-ready power plant currently under construction in Singapore. The project is expected to be operational by 2026

2 Long-term agreements refer to agreements with a tenure of at least five years from the contract effective date. The stated contracted capacity refers to the maximum contracted load by customers

As one of the largest importers of piped natural gas (PNG) and liquefied natural gas (LNG) into Singapore with established long-term gas supply, Sembcorp is able to offer long-term agreements to customers. Leveraging our reliable gas access and cost visibility, our customers are able to benefit from the predictability and the stability in managing their electricity cost for their operations.

Besides Singapore, our gas-fired power plants in Bangladesh, Myanmar, Oman, the United Arab Emirates and Vietnam are also contracted under long-term PPAs. The contract for the Phu My 3 power plant in Vietnam expired in February 2024 and the plant has been transferred back to the government. Phu My 3 is Vietnam's first build-operate-transfer power project and the transfer marks a successful collaboration between Sembcorp and its joint venture partners, and the Vietnam government, which spanned two decades. Excluding Phu My 3, contracted capacity accounted for 97% of the Group's gas-fired power portfolio as of end 2023.

Going forward, we expect a stable stream of operating cash flow from our gas-fired assets, which can be channelled into funding green and energy transition investments.

Enhancing Energy Security through Diversified Gas Supply

Natural gas will continue to play a crucial role in maintaining energy security for Singapore as the country pursues its decarbonisation goals. During the year, we continued to diversify our gas sources to support the energy needs of the nation.

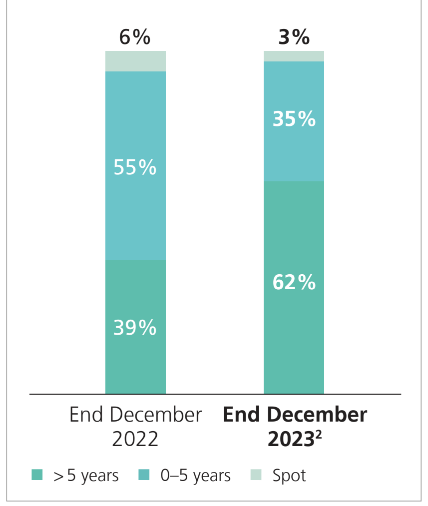
In June 2023, we entered into a gas sales agreement with Medco E&P Natuna, a wholly-owned subsidiary of PT Medco Energi Internasional, to import PNG from the West Natuna gas fields in Indonesia. The agreement is valued at approximately S$1.9 billion, and gas deliveries are expected to commence in the later part of 2024, with a tenure of four years.

We subsequently inked a non-binding term sheet with West Natuna Exploration, a wholly-owned subsidiary of Conrad Asia Energy. The term sheet outlines the key terms and framework for a binding gas sales agreement for the Mako gas field in Indonesia.

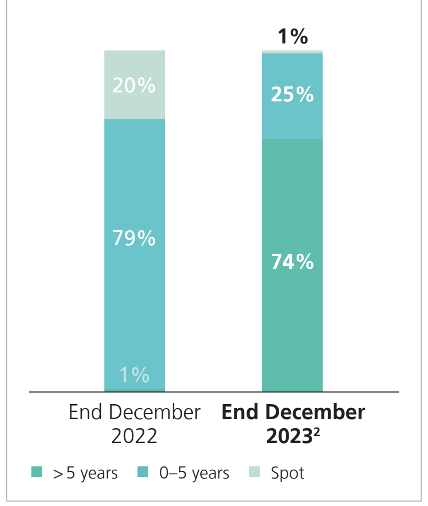
These initiatives will supplement Sembcorp's existing natural gas supply from both piped and liquefied sources, reinforcing our position as one of Singapore's leading natural gas importers.

As Singapore progresses through its energy transition, Sembcorp, as the only player capable of offering our customers a comprehensive suite of diversified products across gas,

Group Portfolio[1]



Singapore Portfolio[1]



1 Based on generation capacity of gas-fired power plants and maximum contracted load

2 Group portfolio excludes Phu My 3 in Vietnam which reached its end of Term of Operation on February 29, 2024

Sembcorp Gas Receiving Terminal on Jurong Island, Singapore

Gas and Related Services

Sembcorp Cogeneration Plant, Sakra on Jurong Island, Singapore

utilities and renewables, is able to provide not only competitive and reliable energy solutions but also a pathway for them to achieve their decarbonisation goals.

Decarbonising our Gas-fired Assets

Sembcorp will actively manage its gas portfolio to support Asia's transition to a clean and responsible energy future and to meet its carbon commitment. In May 2023, we announced the development of a new multi-utilities centre on Jurong Island in Singapore which will supply power, steam, firewater and demineralised water to customers. This facility will include a new 600MW hydrogen-ready combined cycle power plant. The hydrogen-ready power plant is designed to allow for a potential blending of up to 30% hydrogen by volume with natural gas. Construction of the facility has commenced and is expected to be fully operational by 2026. In addition, we will explore technologies for a potential pathway towards achieving 100% hydrogen firing.

In collaboration with our partners, we are actively exploring the utilisation of hydrogen and ammonia as a fuel source in the energy and industrial sectors. In October 2023, we signed a Memorandum of Understanding (MOU) with IHI Corporation (IHI) and GE Vernova's Gas Power business to jointly explore the retrofitting of Sembcorp's existing Sakra power plant in Singapore with ammonia-firing capabilities. This is an extension of our earlier MOU between Sembcorp and IHI in 2022 to explore decarbonisation pathways, particularly ammonia direct combustion systems.

Looking ahead, these initiatives will put us ahead of the learning curve and position us for faster adoption of low-carbon technologies as they advance towards commercial viability and maturity. To achieve our climate action commitments, we will continue to monitor opportunities to manage certain assets in the portfolio for value through possible divestments, as well as recycling of capital.

Maintaining High Standards of Operations

In 2023, our gas-fired assets continued to deliver reliable essential power to the communities we serve.

We strive to enhance our asset efficiency through optimising our operations, implementing predictive maintenance to minimise unplanned outages and deploying digital solutions to monitor and improve asset performance. Our asset management system enables the gathering and consolidation of operational data for data analytics to enhance overall performance and achieve operational excellence.

Outlook

The Gas and Related Services segment performed well in 2023, on the back of better performance in the Singapore power market. Earnings of the segment are expected to remain robust in 2024, underpinned by our significantly contracted position. Contribution will be offset by a planned major maintenance in Singapore to ensure continued efficiency and high reliability of our asset. Income contribution from the Phu My 3 power plant in Vietnam has ceased in end February 2024.

We remain committed to managing our gas assets efficiently to aid the transition towards a clean energy future for economies, while exploring ways to further decarbonise and manage our gas portfolio for value.

Renewables

Competitive Edge

Leading Asian renewables player with 13.8GW[1] of wind, solar, hydro and energy storage capacity globally

Strong execution track record in greenfield developments; enhancing returns of brownfield portfolio through optimisation of operations and maintenance and financing structure

Leveraging partnerships and capitalising on platforms to build scale

Sembcorp is Asia's leading renewables player equipped with expertise in greenfield development as well as operational management of renewables assets. Our renewables portfolio comprises wind, solar (including a concentrated solar plant), hydro and energy storage assets in China, India, Southeast Asia (Singapore, Vietnam and Indonesia) as well as Oman and the UK.

Refreshed Renewables Targets

In May 2021, we announced our strategy to transform from brown to green and to grow gross installed renewables capacity from 2.6GW to 10GW by 2025. Since then, we have achieved significant progress, more than tripling gross installed capacity to 9.8GW[1] with a further 4.0GW secured or under construction.

To drive the next phase of growth, we refreshed our renewables targets at Investor Day 2023. We target to achieve 25GW of gross installed renewables capacity by 2028. The prospects for renewables in Sembcorp's key markets of China, India and Southeast Asia remain robust and represent addressable opportunities of 1,300GW[2]. We will continue to strengthen our capabilities in wind, solar and energy storage systems, and further establish our presence in key markets through strong development and asset management capabilities, as well as quality partnerships.

[1] As of February 2024, the group had 13.8GW of gross renewables capacity, comprising 9.8GW of installed capacity and 4GW secured or under construction. This includes the acquisition of a 245MW renewables portfolio in Vietnam pending completion

[2] Source: GlobalData. Includes onshore wind, solar and energy storage

Key Developments

Achieved growth totalling 3GW in China, through acquisitions and organic expansion in existing partnerships

Grew portfolio in India to 4.2GW with 750MW of greenfield projects secured through competitive bids and completion of an acquisition comprising 228MW of wind assets

Launched Southeast Asia's largest energy storage system and awarded Singapore's largest solar project of 117MWp, cementing Sembcorp's position as Singapore's leading renewables player

Acquired a 245MW renewables portfolio in Vietnam, comprising onshore wind, solar and hydro assets

Operational Indicators[1] *(MW / MWh)*

	2023	2022
Gross renewables capacity	**12,861**	8,293
– Wind	**6,546**	5,553
– Solar	**5,306**	2,031
– Energy Storage[2]	**1,009**	709
Gross renewables capacity	**12,861**	8,293
– Installed	**9,353**	6,832
– Secured or under construction	**3,508**	1,461

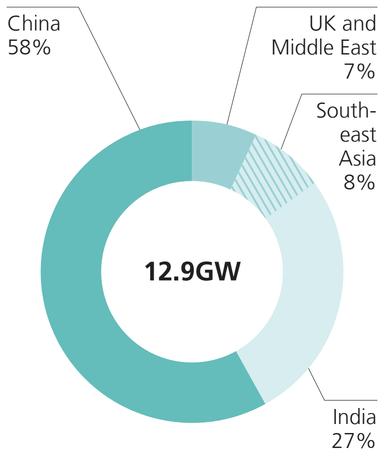
[1] Figures refer to total gross capacity as at December 31, 2023, and December 31, 2022

[2] Energy storage capacity is in MWh

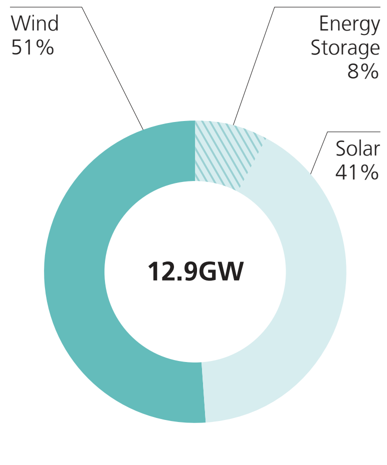
Sembcorp Tengeh Floating Solar Farm in Singapore

Renewables

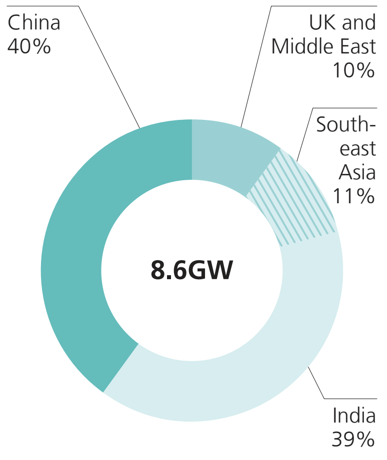
Gross Renewables Capacity by Country*



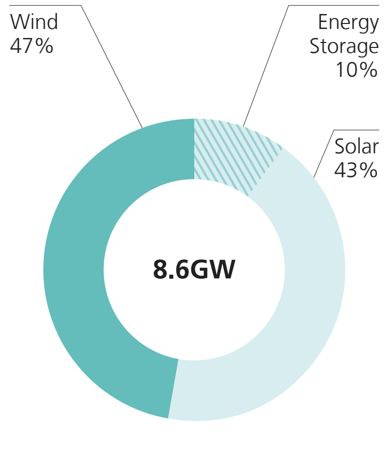
Gross Renewables Capacity by Technology Type*



Attributable Renewables Capacity by Country*



Attributable Renewables Capacity by Technology Type*



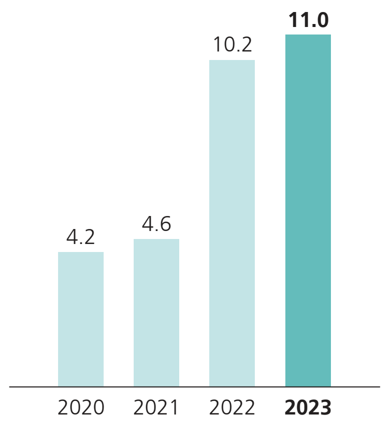
* As at December 31, 2023

Ability to Drive Returns through Capabilities and Partnerships
We adhere to a disciplined investment framework that places a strong emphasis on asset quality as well as returns. Leveraging our unique capabilities in respective markets, we have successfully driven growth and optimised returns in our portfolio.

Strategic Positioning to Drive Growth

China: Growing organically with partners, enhancing capabilities through platforms
We have successfully developed partnerships with renewables players in China to scale our portfolio.

Renewables Segment – Return on Equity before Exceptional Items *(%)*



Critical Success Factors

- Deep understanding of local market
- Focus on asset quality and project returns
- Proven operational capabilities with WindOS and SolarOS digital capabilities with asset integration ability
- Knowledge sharing and harnessing of capabilities in renewables segment across key markets

China
- Strong track record in establishing and nurturing relationships
- Leverage partners' networks
- Demonstrate speed and flexibility

India
- Strong development capabilities with ability to participate across renewables segments
- Established track record in commissioning of greenfield projects

Southeast Asia
- Proven development capabilities with proficiency in renewables solutions
- Leading renewables player in Singapore
- Established presence in countries of interest and strong partnerships with local players

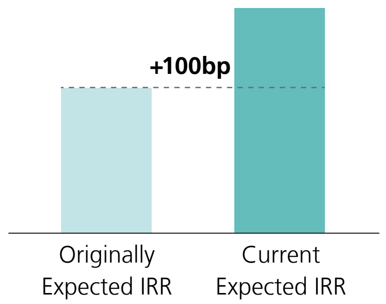
Total renewables capacity in China grew by 3GW in 2023 to 7.4GW as of end 2023, largely driven by organic growth in our joint ventures, SDIC New Energy and Hunan Xingling New Energy. Since the establishment of these partnerships, our SDIC New Energy portfolio has grown by 1.9GW to 3.8GW and Hunan Xingling New Energy grew by 210MW to 1.1GW.

In March 2023, we completed the acquisition of a 49% stake in a 795MW portfolio in Beijing Energy Sembcorp. We also expanded our majority-owned platforms with the completion of acquisitions of two portfolios in Guangxi comprising 200MW of operational wind assets and 92MW of operational solar assets.

During the year, we furthered our renewables offerings in China through our strategic partnerships. We entered the battery energy storage system segment with the construction of a 100MW / 200MWh battery energy storage system under Hunan Xingling New Energy. This is our first organic growth project in the partnership. Under our SDIC New Energy platform, we successfully constructed and completed our first four-hour battery totalling 25MW / 100MWh in the fourth quarter of 2023. A 110MW concentrated solar plant in Gansu is also under construction, with expected completion in end 2024.

Under our majority-owned platforms, we continue to build capabilities in asset management and operations to enhance performance. This includes adopting best practices from other markets to improve portfolio reliability and bringing operations and maintenance (O&M) in-house to achieve cost savings.

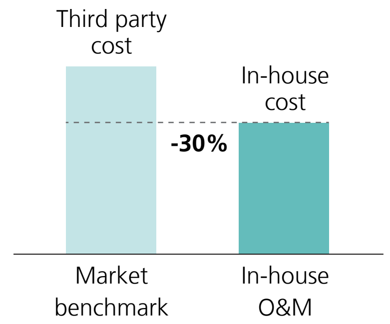
Enhanced Returns of SDIC New Energy Platform



Achieved 100-basis point improvement on the internal rate of return over initial expectations, attributed to

- Organic growth of 1.9GW
- Optimisation of financing terms through partnerships

Installed Capacity for Hebei Wind Assets (150MW)



Estimated annualised O&M cost savings of about 30% by in-house O&M team through

- Deployment of preventive maintenance
- Adoption of best practices from other markets to improve reliability

IRR: Internal Rate of Return O&M: operations and maintenance

Sembcorp wind assets in Yunnan, China

Renewables

Conducting maintenance on a wind turbine in India

India: Uplifting returns with strong asset management capabilities, leveraging development expertise to drive growth

During the year, we completed the acquisition of the 583MW Vector Green portfolio, successfully integrating the assets in our operations. We also completed the acquisition of a 228MW operational wind portfolio from Leap Green Energy, an independent power producer in Tamil Nadu, India, in February 2024.

Our experienced on-site team possesses a robust understanding of the local market, thereby bolstering our competitive advantages. We continue to enhance our development capabilities by engaging in disciplined project bidding.

In December 2023, we received the Letter of Award for a 300MW Inter State Transmission System connected solar power project from NHPC. The following month, we were awarded our first wind-solar hybrid power project, comprising the development of 300MW solar and 150MW wind assets, from the Solar Energy Corporation of India. These greenfield projects are underpinned by long-term power purchase agreements of 25 years, providing certainty in earnings. In addition, the projects will be constructed in the same regions as some of the other Sembcorp's projects currently under construction, enabling potential significant synergies in project development, economies of scale in procurement as well as operational efficiency in management.

We continue to build up our renewables capacity through organic growth and acquisitions of brownfield assets. With a portfolio of 4.2GW comprising 2.4GW of wind capacity and 1.8GW of solar capacity, our balanced portfolio enables us to develop deep operating capabilities. This diversification across energy resources enhances the stability of our generation profile, mitigating dependence on any single resource.

Our proficiency in digital capabilities has facilitated the seamless integration of asset data into our in-house OS (operating system) platform. This has translated into improved efficiency, optimised cost and hence, superior asset productivity compared to peers.

Increasing proportion of O&M conducted in-house

	2023			2022		
	In-house	OEM	Total	In-house	OEM	Total
Operational Capacity *(MW)*						
Wind	980	779	1,759	980	715	1,695
Solar	638	18	656	43	10	53
Total	**1,618**	**797**	**2,415**	**1,023**	**725**	**1,748**
%	**67%**	**33%**	**100%**	**59%**	**41%**	**100%**

We continue to deepen our asset management capability within the team. During the year, we successfully brought majority of the O&M in-house for the Vector Green portfolio. The capacity of operational wind assets under O&M conducted by original equipment manufacturer (OEM) increased mainly due to new commissioned capacity which remains under warranty. In 2023, the proportion of assets under in-house O&M increased to 67%, from 59% in 2022. More notably, we have been able to achieve cost savings of up to 30% on our generation assets through in-house O&M.

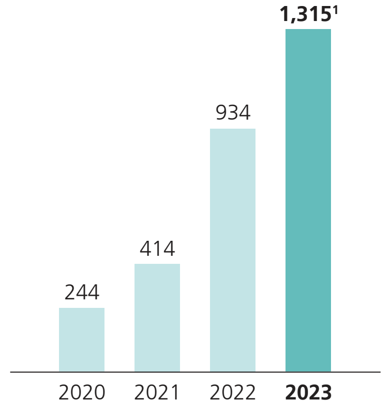
Southeast Asia: Expanding footprint

Our gross renewables portfolio in Southeast Asia crossed the 1GW milestone during the year. In Singapore, our gross renewables portfolio comprises 723MWp of solar projects and 289MWh of energy storage systems. Sembcorp was awarded a 117MWp project by JTC in December 2023 to solarise interim vacant land and rooftops of five buildings on Jurong Island, Singapore. In addition, Sembcorp will be collaborating with JTC for the development of a Virtual Power Plant (VPP) solution for Jurong Island. The VPP aims to integrate data from distributed energy resources, such as solar as well as energy storage systems, and allows for energy management through real-time data monitoring, analytics, as well as the optimisation of energy asset.

In February 2023, we officially opened the Sembcorp Energy Storage System (ESS) in Singapore. The Sembcorp ESS has a maximum storage capacity of 285MWh, making it Southeast Asia's largest ESS, and is the fastest in the world of its size to be deployed. As the largest solar and battery developer and operator in Singapore, Sembcorp is well-placed to offer a full suite of solar solutions to help customers in their sustainability journey, as well as to support Singapore's decarbonisation goals.

In Vietnam, solar capacity grew year-on-year from 251MWp to 328MWp, largely due to the proposed acquisition of majority interests in various subsidiaries of Gelex Group Joint Stock Company. The acquisition is a strategic fit for Sembcorp as it enables us to scale up in one of our countries of focus, diversify our resources and develop new technological capabilities. With the acquisition, renewables capacity in Vietnam will reach 453MW, comprising wind, solar as well as hydro.

Gross Renewables Capacity in Southeast Asia *(MW)*



[1] As of February 2024, including an acquisition of 245MW of renewables capacity pending completion

Sembcorp Banyan Energy Storage System on Jurong Island, Singapore

Renewables

Battery energy storage system under construction at the Wilton International site on Teesside, UK

Strategic growth in selected markets
In March 2023, we expanded into the Middle East with the successful award of our first greenfield renewables project in Oman. The 500MW build-own-operate solar plant augments Sembcorp's well-established presence in Oman's power and water desalination sector. The project leverages our strong network and presence for over 10 years in the country through our Salalah Independent Water and Power Plant and demonstrates our capabilities in supporting the energy transition globally.

In the UK, the 150MW / 300MWh of battery energy storage system on Teesside at Wilton International is under construction. Together with our operational battery energy storage portfolio of 120MWh, we seek to enhance our presence in the energy storage segment in the UK through active management of the charge and discharge cycles of our energy storage assets to capture higher rates for frequency services.

Outlook

According to the International Energy Agency, renewables capacity grew by almost 50% to nearly 510GW in 2023, the fastest growth rate in the past two decades. In 2025, renewables are anticipated to surpass coal as the primary global electricity source. Sembcorp is well-positioned in some of the world's largest and fastest growing renewables markets and will continue to build on its leading positions with more diversification across countries and technologies.

The Renewables segment is expected to perform well as more greenfield projects are commissioned and brownfield acquisitions are completed progressively, in the course of the year. We will continue to leverage our key success factors to grow our renewables capacity and enhance returns within the portfolio.

Integrated Urban Solutions

Competitive Edge

Established master developer with over three decades of transforming large-scale raw land into sustainable urban developments	International investment and promotion team with local knowledge to drive investments by high-quality, long-term investors and tenants	Suite of low-carbon and sustainable solutions including renewable energy, waste and waste-to-energy as well as recycling to cater to the needs of customers

The Integrated Urban Solutions segment encompasses Urban, Water, and Waste-to-resource businesses. With over 30 years of experience, the Urban business has a proven track record in integrated developments, encompassing industrial parks, industrial properties, business hubs, and residential properties.

In the Water business, we manage specialised facilities in China, the Middle East, Singapore, and the UK. Our water and wastewater management solutions include water supply, wastewater treatment, and water reclamation. The Waste and Waste-to-resource businesses comprise solid waste management services in Singapore and energy-from-waste facilities in Singapore and the UK.

Urban: Expanding Portfolio with Sustainable Development

The Urban business registered land sales of 248ha in 2023, an increase compared to 172ha in 2022, mainly driven by improved economic sentiments. However, earnings declined year-on-year as contributions from commercial and residential (C&R) sales and residential units were lower. In 2022, C&R land, which commands a higher value, accounted for a bigger proportion of sales.

Key Developments

Scaled up land bank with the award of investment licenses for three new industrial parks in Vietnam totalling 1,290 hectares (ha)

Groundbreaking of four Vietnam Singapore Industrial Parks (VSIPs) projects to mark the commencement of land development for handover to customers from 2024

Operational Indicators

	2023	2022
Urban[1]		
Saleable land inventory *(ha)*	**5,885**	6,363
Land sold (cumulative) *(ha)*	**3,556**	3,308
Total net orderbook *(ha)*	**262**	312
Remaining saleable land *(ha)*	**2,072**	2,743
Water		
Water and wastewater treatment capacity (m^3/day)	**8,075,114**	8,051,470
Waste and Waste-to-resource		
Waste collection *(tonnes)*	**943,055**	1,085,404
Recyclables collection *(tonnes)*	**36,379**	29,102[2]
Energy-from-waste (Efw) gross installed capacity		
– Wilton 11 Efw Plant[3] *(MW)*	**48**	48

[1] Figures for Urban operational indicators are based on current planned estimates
[2] Figures were restated from 11,775 to 29,102 as earlier data pertained to recyclables recovered, rather than collected
[3] The Wilton 11 Efw Plant produces both power and steam. The asset's gross installed steam capacity is 160 tonnes per hour

Sino-Singapore Nanjing Eco Hi-tech Island in China

Integrated Urban Solutions

Sales in Kendal Industrial Park (KIP) project in Central Java, Indonesia, more than doubled year-on-year to 77ha from 36ha in 2022, boosted by enhanced clarity on investment incentives in the special economic zone. In line with Indonesia's initiative to establish an electric vehicle ecosystem, KIP has attracted high-tech companies including lithium iron phosphate cathode and anode materials processors. The growth of medical equipment manufacturing and pharmaceutical manufacturing at KIP is also on the rise due to the presence of abundant labour and locally-sourced pharmaceutical active ingredients.

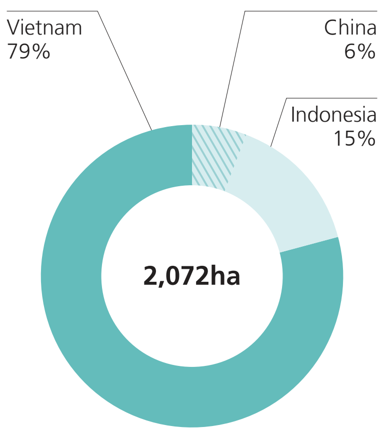
In Vietnam, we continued to build up our land bank with the award of three new investment licences for VSIP Ha Tinh (phase 1), VSIP Lang Son and VSIP Nghe An II during the year. Including these projects, Sembcorp now has 15 VSIPs in its portfolio across 11 provinces in Vietnam. These new VSIPs are envisaged to be the future model of sustainable industrialisation.

The groundbreaking ceremonies for VSIP Can Tho in the Mekong Delta, VSIP Bac Ninh II in the Red River Delta, VSIP Nghe An II and Quang Tri Industrial Park in the North Central Coast were held during the year. Totalling over 1,500ha in gross land area, the groundbreaking ceremonies mark the commencement of land development for handover to customers from 2024.

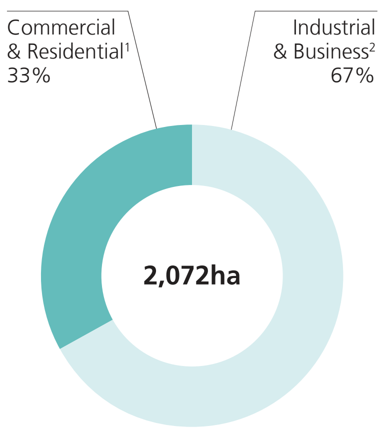
In August 2023, the Prime Ministers of Singapore and Vietnam witnessed the presentation of Memoranda of Understanding (MOUs) from 10 provincial leaders who reiterated their commitment to work with Sembcorp and our joint venture partner, Becamex IDC Corporation (Becamex), to jointly engage in feasibility studies for more VSIPs. Sembcorp and Becamex have committed to modelling the next generation of VSIPs as smart and sustainable industrial parks.

In December, we completed the construction of two warehousing complexes in Vietnam in accordance

Remaining Saleable Land by Geography



Remaining Saleable Land by Segment



As at December 31, 2023

[1] Commercial & Residential land includes space for residences, food and beverage businesses, malls, hotels, serviced apartments and modern services such as accounting and legal firms, consultancies and corporate headquarters

[2] Industrial & Business land includes space for general and high-tech manufacturing, research and development, as well as business and technology incubators

Land Sales *(ha)*

	2023			2022		
	Industrial & Business	Commercial & Residential	Total	Industrial & Business	Commercial & Residential	Total
Vietnam	**150**	**10**	**160**	100	34	134
China	*****	**11**	**11**	2	–	2
Indonesia	**77**	**–**	**77**	36	–	36
Total	**227**	**21**	**248**	138	34	172

* Denotes less than 1ha

Prime Ministers of Singapore and Vietnam at the MOU presentation ceremony

with the Lotus Silver green building standards, a certification system developed by the Vietnam Green Building Council. Including these new Sembcorp Logistics Parks in Quang Ngai and Nghe An provinces, there are a total of 42 modern ready-built warehouse units co-developed by Sembcorp within the VSIP projects with total gross floor area of approximately 134,000 square metres.

In China, the Wuxi-Singapore Industrial Park continued to maintain a healthy occupancy rate of 95%, despite a slowdown in global demand for manufactured goods. Our Sino-Singapore Nanjing Eco Hi-tech Island project registered sales of three plots of commercial and residential land and one plot of industrial and business land, compared with two industrial and business land plots sold in 2022. However, the real estate market continued to remain challenging, despite government measures, such as lower downpayment requirements and lower interest rates of existing mortgages for first home purchase, to facilitate the recovery of the real estate market.

Promoting Circularity in Waste Management

During the year, SembWaste partnered Coca-Cola to launch an initiative that allows consumers to responsibly deposit polyethylene terephthalate (PET) or recycled polyethylene terephthalate (rPET) bottles at nine convenient locations across Singapore. In addition, SembWaste's Rebottle initiative launched in 2022 has successfully recycled more than 6,700 bottles as of end 2023. The Rebottle initiative was also adopted by the National Day Parade (NDP) 2023 organising committee where customised ReBottle machines were fabricated and placed at the event to take in PET and rPET bottles for recycling. SembWaste also worked in partnership with the NDP 2023 organising committee to look at ways of reducing waste. Waste profiles were generated through the analysis of data on food and non-food waste, following which, the NDP committee adjusted the food menu, leading to a

SembWaste forms strategic partnerships with organisations such as Coca-Cola to promote a closed-loop resource system

subsequent reduction in overall food waste. Consequently, the event noted a 20% reduction in waste generation, reversing the upward trend in waste observed in previous years.

To raise awareness of plastic recycling among youths and children, SembWaste kickstarted its inaugural Plastic Recycling League which garnered interest and participation from nearly 300 schools across Singapore. Through the programme, more than 11,000kg of plastic recyclables were collected, translating to an equivalent of 15.7 tonnes of carbon dioxide emissions avoided.

SembWaste's energy-from-waste plant continues to make significant strides in creating a closed-loop system. Through the incineration of waste, the plant supplied 308,728 tonnes of steam to the petrochemical industries on Jurong Island, an energy output equivalent to powering 144,272 households annually.

In the UK, earnings from our energy-from-waste plant, Wilton 11 moderated year-on-year, due to lower electricity prices.

Outlook

Outlook of the Integrated Urban Solutions segment is expected to remain stable.

In the Urban segment, upcoming amendments to Vietnam's Land Law 2013, Real Estate Business Law 2014 and Housing Law are expected to bring positive changes. With enhanced regulation clarity, we are cautiously optimistic of the future prospects of the sector. China's property sector crisis is expected to continue to weigh on sentiments and land sales. We will seek to improve our value proposition in Indonesia to maintain competitiveness.

We continue to build up our land bank and invest in sustainable infrastructure to provide low-carbon solutions to our tenants to meet their emissions goals. Sembcorp's capabilities in providing integrated urban solutions and sustainable development put us in good stead to capitalise on the growing trend and capture growth opportunities.

Decarbonisation Solutions

Competitive Edge

Ability to play a key role in green hydrogen and green ammonia production, given Sembcorp's growing renewables presence in India and China, Asia's top renewable energy markets	As one of the largest importers and retailers of natural gas in Singapore, Sembcorp is well-positioned to act as a hydrogen off-taker for power generation or as a supplier to industries	GoNetZero™ provides a one-stop digital platform for corporates to procure and manage environmental attributes to support the clean energy transition

Well-positioned to Drive Decarbonisation and Energy Transition

Energy alternatives for a cleaner future

While Singapore has limited renewable energy resources, the country is able to access low-carbon electricity that is abundant in the region by connecting to regional power grids. This also promotes the development of renewable energy in the region and paves the way in realising the ASEAN Power Grid vision.

In October 2023, Sembcorp was granted conditional approval to import 1.2GW of low-carbon electricity from Vietnam to Singapore by the Energy Market Authority (EMA). This is the largest conditional award for importation from EMA. Together with Petrovietnam Technical Services Corporation, a member of Vietnam Oil and Gas Group (Petrovietnam), Sembcorp will develop offshore wind farms over a sea area of approximately 200,000ha off the shores of South Vietnam, subject to the receipt of relevant approvals. Sembcorp is also in exclusive discussions to import 1GW of low-carbon electricity from Sarawak. These imports will enable our customers to have greater access to green energy, and also contribute towards Singapore's target to import up to 4GW of low-carbon electricity by 2035.

Exploration of green fuels and carbon capture solutions

Clean and green fuels such as green hydrogen and ammonia, as well as carbon capture and storage solutions, will help to decarbonise existing gas plants. We are exploring these solutions and have signed agreements with strategic partners to pursue these opportunities. They include:

- Joint development agreement with Sojitz Corporation and Kyushu Electric Power Co to pursue potential opportunities for green ammonia production in India for export to Japan. Japan aims to import 3 million tonnes of ammonia for fuel by 2030, with anticipated demand reaching 30 million tonnes by 2050
- Joint development study agreement with PT PLN (Persero) to assess the feasibility of green hydrogen production in Indonesia for export to Singapore
- Memorandum of Understanding with Gentari to explore the development of hydrogen production facilities and transportation of hydrogen from Malaysia to Singapore

In October 2023, Sembcorp was shortlisted by EMA and the Maritime and Port Authority of Singapore to participate in the request for proposal to provide a low- or zero-carbon ammonia solution for power generation and bunkering on Jurong Island in Singapore. The project entails the generation of 55MW to 65MW of electricity from imported low- or zero-carbon ammonia via direct combustion in a gas turbine or combined cycle gas turbine; and facilitating ammonia bunkering at a capacity of at least 0.1 million tonnes per annum. A lead developer will be chosen to jointly develop the proposed end-to-end ammonia solution.

As one of the largest importers and retailers of natural gas into Singapore, we can offer decarbonisation solutions to our customers through low-carbon feedstock, either as an alternative fuel to, or blend with natural gas. We will continue to leverage our energy and renewables expertise to participate in opportunities across the green hydrogen and ammonia value chain.

Leverage technology to abate emissions

GoNetZero™ is a decarbonisation solution provider helping its clients to achieve their carbon neutrality goals through the provision of verified environmental attributes (such as RECs and carbon credits) and digital platform solutions. GoNetZero™'s suite of digital services includes GoNetZeroConnect, which provides emission estimation and tracking in a single dashboard, a platform for buying and selling of credible RECs and carbon credits, as well as NetZeroOS, for management and optimisation of energy assets across solar and wind.

During the year, GoNetZero™ sold 2.6 million tonnes of carbon credits. It also sold 1.8 million RECs, a nine-fold increase from the previous year. Since its launch in 2022, GoNetZero™ has secured over 40 multinational customers, including OCBC, Razer as well as UBS. GoNetZero™ is supporting these companies to meet their decarbonisation goals across operations in 14 countries. To support international markets expansion, GoNetZero™ has set up office presence in three key markets: Singapore, the UK and Vietnam. GoNetZero™ further announced the launch of Renewable Energy Navigator Explorer (René), a natural language, conversational Artificial Intelligence that provides users with simplified energy insights, at the 28th United Nations Climate Change Conference. René is built to provide real-time and global accessibility that allows business leaders and owners to gain a holistic overview of their energy assets across operations; deliver readily digestible information, enhancing comprehension and decision-making in the management of renewable energy assets.

Key Developments

Received conditional approval to import 1.2GW of low-carbon energy from Vietnam to Singapore – largest conditional award for importation from Energy Market Authority (EMA)
Joint development agreement with Sojitz Corporation and Kyushu Electric Power Co to pursue potential opportunities for green ammonia production
GoNetZero™ increased its international presence, serving more than 40 multinational customers' operations across 14 countries: Achieved 2.6 million tonnes of carbon credit sales, and 1.8 million Renewables Energy Certificates (RECs) sales during the year

Sembcorp solar assets in Yunnan, China

Outlook

The pursuit of decarbonisation solutions for power generation remains important to achieve net zero. Building upon its leading position in Singapore, Sembcorp is strategically positioned to capitalise on decarbonisation trends across the region. Sembcorp is able to play a key role in green hydrogen production, given our growing renewables presence in China and India, Asia's top renewable energy markets. Our focus on low-carbon electricity for Singapore, as well as securing and sourcing low-cost green feedstock positions us well to participate in the development of a regional clean and green energy exchange and distribution network in ASEAN.

We will continue to focus on developing our capabilities and invest circumspectly in the Decarbonisation Solutions segment. We expect the segment to generate positive earnings by 2028 and position the company for growth beyond 2028.

Board of Directors

Seated, front row, left to right:

Lim Ming Yan
Non-executive & Lead Independent Director

Tow Heng Tan
Chairman, Non-executive & Non-independent Director

Ajaib Haridass
Non-executive & Independent Director

Seated, middle row, left to right:

Wong Kim Yin
Group President & CEO

Dr Josephine Kwa Lay Keng
Non-executive & Independent Director

Standing, left to right:

Ong Chao Choon
Non-executive & Independent Director

Nagi Hamiyeh
Non-executive & Non-independent Director

Marina Chin Li Yuen
Non-executive & Independent Director

Kunnasagaran Chinniah
Non-executive & Independent Director

Yap Chee Keong
Non-executive & Independent Director

Tow Heng Tan *(age 68)*

Chairman
Non-executive &
Non-independent Director
Appointed June 1, 2021 E C N

Mr Tow is chief executive officer of Pavilion Capital International, a North Asia-focused private equity firm.

He previously held senior leadership positions serving as chief investment officer of Temasek International, senior director of DBS Vickers and managing director of Lum Chang Securities. He was also an investment banker with Schroders Singapore.

He sits on the boards of Fullerton Financial Holdings, National Healthcare Group, Temasek Trust and Temasek Trust Asset Management.

Mr Tow is a fellow of the Association of Chartered Certified Accountants and Chartered Institute of Management Accountants in the United Kingdom. He is a chartered accountant with the Institute of Singapore Chartered Accountants.

Lim Ming Yan *(age 61)*

Non-executive &
Lead Independent Director
Appointed January 18, 2021 E C N

Mr Lim is chairman of the Singapore Business Federation. He also sits on the boards of China Vanke, DLF Cyber City Developers and Enterprise Singapore. Mr Lim is a member of the board of trustees of Chinese Development Assistance Council and Singapore's Non-Resident High Commissioner to the Republic of Mauritius.

Mr Lim previously served as president and group chief executive officer of CapitaLand Group.

Mr Lim holds an honours in Mechanical Engineering and Economics as well as an honorary doctorate from University of Birmingham. He also completed the Advanced Management Program at Harvard Business School.

Past directorships in listed companies and major appointments 2021–2023:

- Business China
- Central China Real Estate
- Future Economy Council
- Housing and Development Board
- Singapore Press Holdings
- Workforce Singapore

Marina Chin Li Yuen *(age 58)*

Non-executive &
Independent Director
Appointed November 1, 2023 A R

Ms Chin, a senior counsel appointed by Singapore Academy of Law, is the joint managing partner of Tan Kok Quan Partnership where she joined as one of its senior partners in 2000. With over 30 years of legal experience, Ms Chin focuses on dispute resolution of civil and commercial matters, including those with cross-border angles across a broad spectrum of industry sectors in Asia.

Ms Chin is currently an independent non-executive director and a member of the audit & risk committee of Jurong Port, as well as a board member and audit committee member of Singapore Land Authority. She is also a member of the appeal advisory panel of the Monetary Authority of Singapore, senate member and fellow of Singapore Academy of Law, specialist mediator of Singapore International Mediation Centre, and an accreditation committee member of Singapore Institute of Legal Education.

Ms Chin holds a Bachelor of Laws with honours from National University of Singapore. She was awarded the Tan Ah Tah Book Prize after completing the postgraduate practical law course.

Kunnasagaran Chinniah *(age 66)*

Non-executive &
Independent Director
Appointed August 1, 2023 E R C

Mr Chinniah is a board member of Changi Airports International, CapitaLand Ascendas REIT Management (the Manager of CapitaLand Ascendas REIT), Azalea Asset Management and Greenko Energy Holdings. He is a member of the Hindu Endowments Board.

Mr Chinniah previously served at GIC for more than 20 years, where he held various positions and was responsible for investments in North America, Europe and Asia. He last served as the head of GIC Global Infrastructure Group and co-head of Portfolio, Strategy and Risk Group at GIC Special Investments.

Mr Chinniah is a chartered financial analyst. He holds a Bachelor of Engineering (Electrical) from National University of Singapore and a Master of Business Administration from University of California Berkeley.

Past directorships in listed companies and major appointments 2021–2023:

- Astrea III
- Astrea IV
- Azalea Investment Management
- Borkum Riffgrund 2 Investor Holding
- ECL Finance
- Edelweiss Financial Services
- Edelweiss Rural & Corporate Services
- Keppel Asia Infra Fund (GP)
- Keppel Infrastructure Fund Management (the trustee-manager of Keppel Infrastructure Trust)
- Neptune1 Infrastructure Holdings
- Nuvama Wealth Finance
- Nuvama Wealth Management

Board Committees:
E Executive A Audit R Risk C Executive Resource & Compensation N Nominating

Board of Directors

Nagi Hamiyeh *(age 55)*

Non-executive & Non-independent Director

Appointed March 3, 2020 E

Mr Hamiyeh is Temasek's head of portfolio development. Over the course of his career with Temasek, he has led the firm's Investment Group, consumer, industrials, natural resources and real estate investment teams and was joint head of the enterprise development group as well as head of Africa and Middle East, Australia and New Zealand.

Prior to Temasek, Mr Hamiyeh was a banker with Credit Suisse First Boston's Energy Group. He began his career at Bain & Company.

Mr Hamiyeh sits on the boards of Olam Group, OFI Group, Kyanite Investment Holdings, Kyanite Investment Holdings (I), Seatrium *(formerly known as Sembcorp Marine)*, and EM Topco.

Mr Hamiyeh holds a Master of Science in Civil and Environmental Engineering from Massachusetts Institute of Technology, as well as a Bachelor of Science in Civil Engineering from University of Texas.

Past directorships in listed companies and major appointments 2021–2023:

- CapitaLand Group
- CLA Real Estate Holdings
- Dream International
- Olam Agri Holdings
- Olam International
- Sheares Healthcare Group of Companies
- Sigma Healthcare Management
- Startree Investments

Ajaib Haridass *(age 74)*

Non-executive & Independent Director

Appointed May 1, 2014 A R

With 48 years of legal experience, Mr Haridass specialises in maritime law, and deals with commercial and banking litigation. Currently a consultant with Haridass Ho & Partners, he is a panel member of Singapore International Arbitration Centre and Singapore Chamber of Maritime Arbitration. Mr Haridass is also an accredited principal mediator of Singapore Mediation Centre and a senior accredited specialist (maritime and shipping law), Singapore Academy of Law. He is a commissioner for oaths, a notary public and a retired justice of the peace.

Mr Haridass is lead independent director of Nam Cheong and also sits on the boards of Metis Energy and Singapore LNG Corporation.

Mr Haridass holds a Bachelor of Laws with honours from University of London and is a qualified barrister-at-Law at the Honourable Society of the Middle Temple.

Dr Josephine Kwa Lay Keng *(age 65)*

Non-executive & Independent Director

Appointed August 1, 2018 A R

Dr Kwa brings to the board rich experience in technology as well as research and development (R&D) across various industries, including energy and engineering. She is a director of Barghest Building Performance.

Dr Kwa was previously chief executive officer of NSL and served in various functions over her 23-year tenure with the company, including being its chief operating officer and head of technology, responsible for R&D, information technology, energy and environmental investments, and strategy. Dr Kwa chaired the National Energy Efficiency Committee for Industries in Singapore from 2000 to 2009 and continues to sit on the steering committee for the Singapore Certified Energy Manager Programme.

Dr Kwa holds a PhD and Bachelor of Science with honours in Mechanical Engineering from University of Leeds.

Past directorships in listed companies and major appointments 2021–2023:

- Southern Steel

Ong Chao Choon *(age 60)*

Non-executive & Independent Director

Appointed November 3, 2023 A R N

Mr Ong sits on the boards of Community Foundation of Singapore, Lee Kuan Yew Fund for Bilingualism, NCS and Singapore Food Agency. He was previously the chairman of Nanyang Business School Alumni Advisory Board, the audit committee chairman of National Environment Agency and the deputy chairman and audit committee chairman of Republic Polytechnic. He was awarded the Public Service Medal in 2017.

Mr Ong previously worked in PwC for over 30 years, where he was a partner and held various leadership positions, including deputy chairman and advisory leader of PwC Singapore and managing partner of PwC Myanmar. He has accumulated a wealth of experience in mergers and acquisitions advisory over the last two decades, in addition to more than 10 years of auditing and business advisory experience.

Mr Ong holds a first-class honours in Accountancy from National University of Singapore and a Master of Business Administration in Banking and Finance from Nanyang Business School. He is a fellow of the Institute of Singapore Chartered Accountants and the Chartered Accountants Australia & New Zealand.

Past directorships in listed companies and major appointments 2021–2023:

- Arts House
- PwC Group of Companies

Wong Kim Yin *(age 53)*

Group President & CEO

Appointed July 1, 2020 E

Mr Wong has 30 years of leadership experience in the energy sector and in investment management. Since joining Sembcorp in July 2020, he has been instrumental in leading Sembcorp's transformation of its portfolio.

Prior to Sembcorp, Mr Wong was the Group CEO of Singapore Power from 2012 to 2020. He has also held senior roles in Temasek International and The AES Corporation.

Mr Wong actively contributes to the global energy transition through his role as Vice Chair, Asia of the World Energy Council. He also serves on the boards of National Research Foundation, DSO National Laboratories*, Health Promotion Board, Inland Revenue Authority of Singapore and China Venture Capital Fund Corporation.

Mr Wong holds a Bachelor of Science from National University of Singapore and a Master of Business Administration from University of Chicago Booth School of Business.

Past directorships in listed companies and major appointments 2021–2023:

- Seatown Holdings
- SkillsFuture Singapore Agency and related bodies

* Retired on March 31, 2024

Yap Chee Keong *(age 63)*

Non-executive & Independent Director

Appointed October 1, 2016 A R

Mr Yap brings to the board financial, management and audit expertise, as well as experience in industry sectors including energy, infrastructure and real estate. He was formerly the executive director of The Straits Trading Company and chief financial officer of Singapore Power.

Mr Yap is a director of various companies such as Shangri-La Asia, Olam Group, Ensign InfoSecurity, Pacific International Lines, Singapore Life Holdings and Seatrium *(formerly known as Sembcorp Marine)*.

Previously, Mr Yap served on the board of Singapore's Accounting and Corporate Regulatory Authority (ACRA) and on ACRA's Public Accountants Oversight Committee. He was a member of the working group convened by ACRA, Monetary Authority of Singapore (MAS) and Singapore Exchange (SGX) to review the Guidebook for Audit Committees in Singapore, as well as the panel convened by ACRA, MAS, SGX and Singapore Institute of Directors which formulated guidelines for board risk committees.

Mr Yap holds a Bachelor of Accountancy from National University of Singapore and is a fellow of the Institute of Singapore Chartered Accountants and CPA Australia.

Past directorships in listed companies and major appointments 2021–2023:

- Maxeon Solar Technologies
- Mediacorp
- Olam International

Board Committees:

E Executive A Audit R Risk C Executive Resource & Compensation N Nominating

Key Executives

Eugene Cheng
Group Chief Financial Officer

Robert Chong
Chief Corporate & Human Resource Officer

Hong Howe Yong
Head, Group Centre of Excellence

Charles Koh
Chief Digital Officer
Platform Founder, GoNetZero™

Koh Chiap Khiong
CEO, Singapore & Southeast Asia

Lee Ark Boon
CEO, Urban

Lee Kok Kin
CEO, SembWaste

A. Nithyanand
CEO, Renewables Business, India

Nuraliza Osman
Group General Counsel

Mike Patrick
Acting CEO, UK

Soon Sze Meng
CEO, GoNetZero™

Alex Tan
CEO, China

Tan Cheng Guan
Executive Vice President,
Office of the Group President & CEO

Vipul Tuli
Chairman, South Asia
CEO, Hydrogen Business & Middle East
Executive Director, UK

Wong Kim Yin
Group President & CEO

For profiles of our Key Executives, please refer to Our Leadership section on our webpage.

Sembcorp's wind asset located in Henan Province, China

Sustainability Report

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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]
Climate Action	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.	Decarbonisation Resource Management	**Absolute GHG Emissions (Scope 1 and 2):** 10.5 million tCO_2e 2023; 2.7 million tCO_2e 2030 Target; Net-zero Emissions 2050 Target **GHG Emissions Intensity:** 0.29 tCO_2e/MWh 2023; 0.15 tCO_2e/MWh 2028 Target **Gross Installed Renewable Energy Capacity:** 9.4GW 2023; 25GW 2028 Target
Empowering Lives	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.	Workforce Transformation Community Engagement and Investment	**Number of Employees Upgraded:** 720 2023; 500 2023 Target **Operations with Community Development Programmes:** 89% 2023; 100% Ongoing Target
Resilient Business	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.	Health and Safety Risk Governance	**Work-related Fatalities:** 1 Employee 2023; 0 Ongoing Target **Integrated Assurance Framework Implementation Across Key Markets:** 100% 2023; 100% Ongoing Target **Employee Completion of Anti-bribery and Corruption Training:** 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.

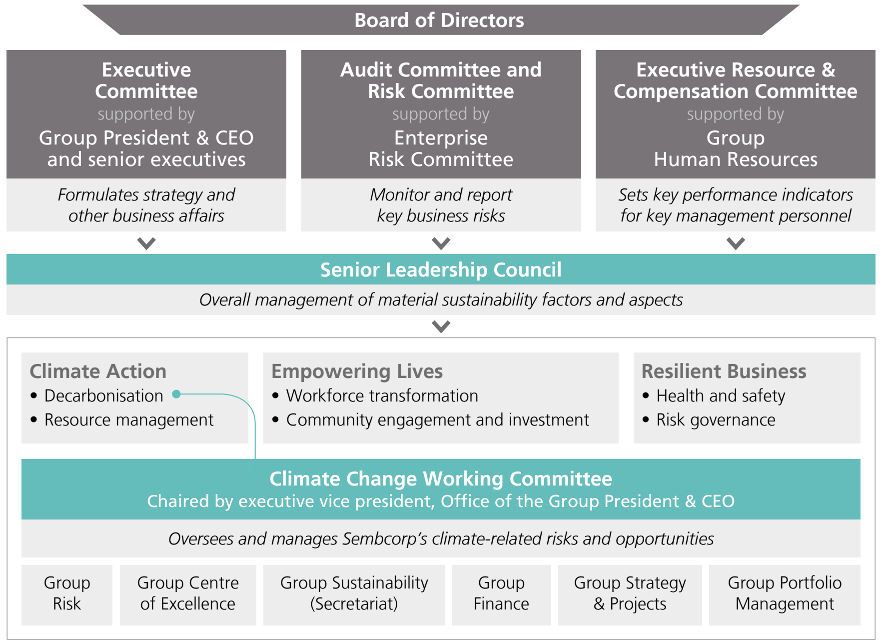
Sustainability Governance

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 Ratings[1] 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 emissions[1]. 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

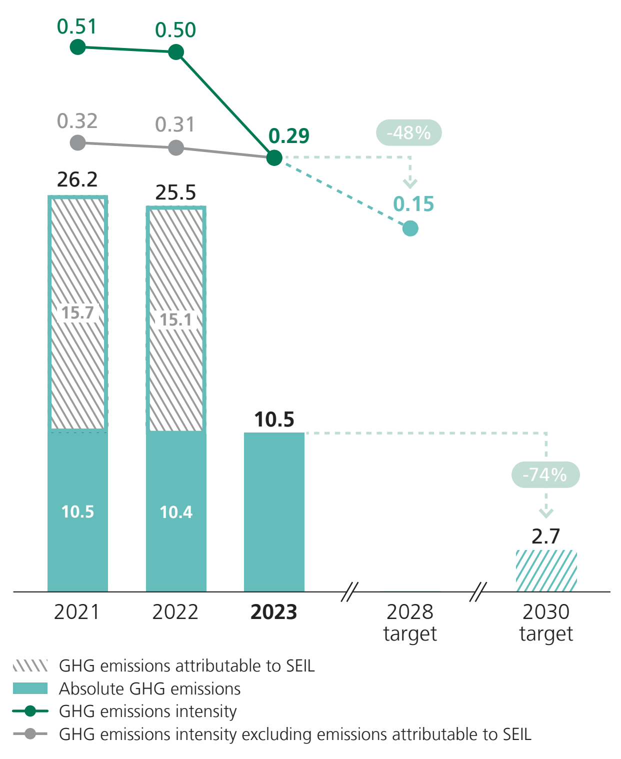
Sembcorp's Climate Change Working Committee (CCWC) oversees the development of plans, processes and reports that address the Group's climate-related risks and opportunities. Its role includes reviewing and developing policies and frameworks, assessing risks and opportunities, setting targets and implementing 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.

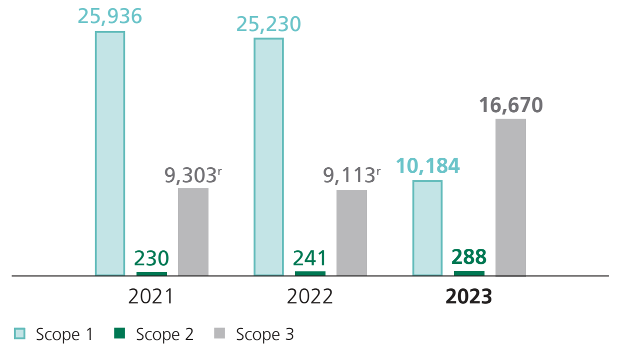
Our performance

- Our gross installed renewable energy capacity[2] 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 intensity[3] reduced to 0.29 tonnes of carbon dioxide equivalent per megawatt-hour (tCO_2e/MWh) and absolute GHG emissions (Scope 1 and 2) reduced to 10.5 million tCO_2e mainly due to the divestment of SEIL[4]. The reduction in GHG emissions intensity was also driven by an increase in renewable energy generation.
- Scope 3 emissions[5] increased by 83% to 16.7 million tCO_2e 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.

Absolute GHG Emissions (Scope 1 and 2) *(million tCO_2e)* **and Emissions Intensity** *(tCO_2e/MWh)*

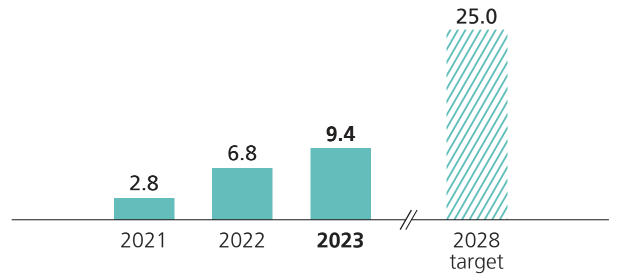


Absolute Scope 1, 2 and 3 GHG Emissions *(kilo tCO_2e)*



r 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

Gross Installed Renewable Energy Capacity *(GW)*



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 capacity[2]. 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 capacity[2], 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_2e/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

- Group HSSE Policy
- Sembcorp Environmental Reporting Standard
- Sembcorp Environmental Management Standard

Reference frameworks

- International Organisation for Standardisation (ISO) 14001[1]
- 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.

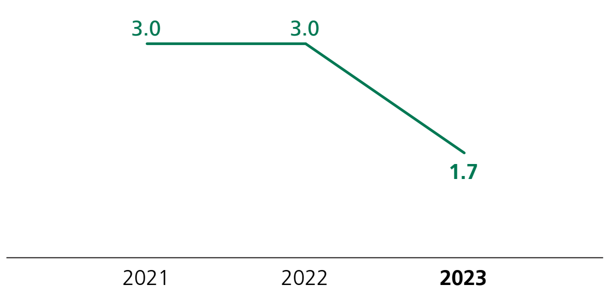
Our performance

The energy intensity[2] 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.

Energy Generating Assets *(GJ/MWh)*



[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

- Code of Conduct
- Talent Management Framework
- Learning and Development Policy
- Diversity and Inclusion Policy
- Whistleblowing Policy
- Employee Grievance Handling Policy

Reference frameworks

- UN Universal Declaration of Human Rights
- Singapore's Tripartite Guidelines on Fair Employment Practices

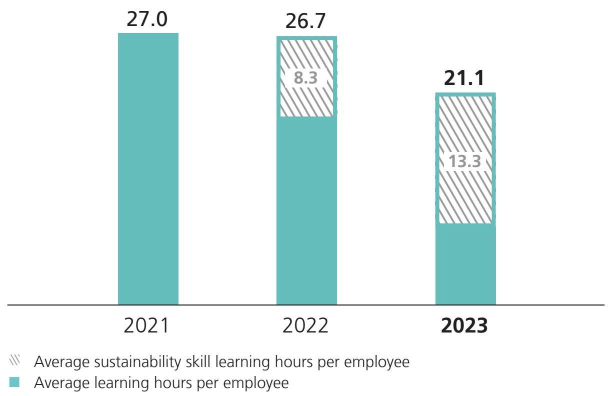
Our governance

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 hours[3]. 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.

Average Learning Hours *(hours per employee)*



[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.

Our frameworks and policies

- Code of Conduct
- Group Community Investment Guidelines
- Group Community Investment and Sponsorship Compliance Policy
- Group Community Grievance Management Policy
- Group Know-your-counterparties Policy

Reference frameworks

- AA1000 Stakeholder Engagement Standard
- Business for Societal Impact Framework and Guidance

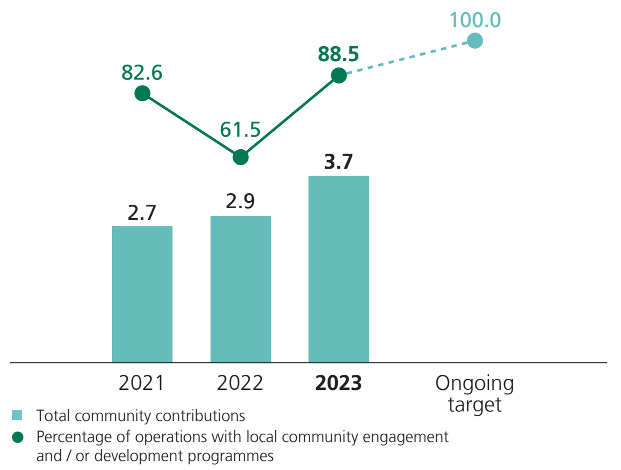
Our governance

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 mandatory[1] contributions, of which 7% were invested in SDG 7-aligned projects.
  – Over S$1 million were voluntary[2] contributions, of which 54% were invested in SDG 7-aligned projects.
  – Over S$14,000 were leveraged[3] 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 emissions[4].
- 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.

Community Investments *(S$ million and %)*



[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.

Our frameworks and policies

- Group HSSE Policy
- Group HSSE Management Framework

Reference frameworks

- ISO 45001[5]
- International Association of Oil and Gas Producers (IOGP) Global Safety Performance Indicators
- US National Institute for Occupational Safety and Health (NIOSH) Guidelines

Our governance

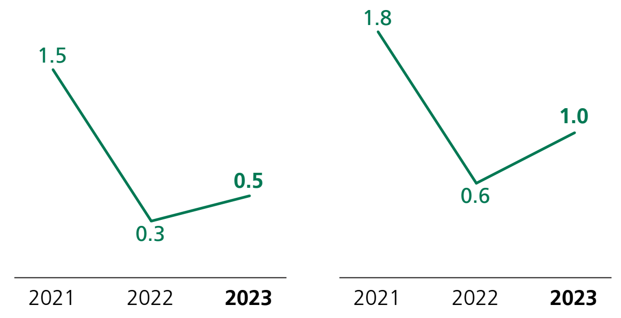
The Group HSSE division oversees occupational health and safety matters. The management of health and safety is primarily guided by the Group HSSE Management Framework. Every quarter, the board (via the RC) and the SLC receive updates that include the review of Sembcorp's health and safety performance 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.

Lost Time Injury Rate *(number per million man-hours)*

Total Recordable Injury Rate *(number per million man-hours)*



[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

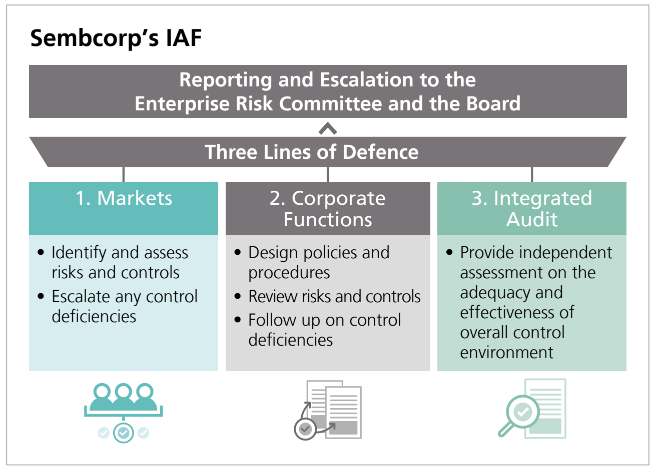
Why this is material

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 markets[1] implemented the IAF in 2023.
- 100% of our employees[2] received ABC training.
- 100% of our employees[2] 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.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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

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

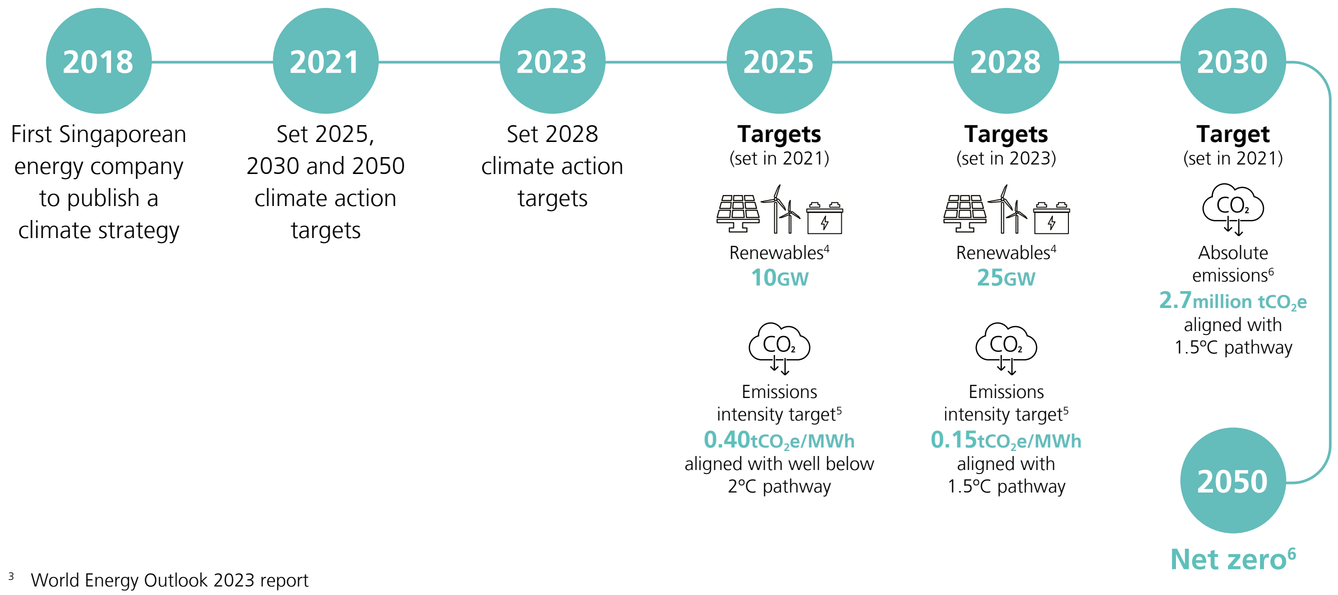
Given that the disclosures arising from TCFD recommendations involve emerging practice in the assessment and analysis of climate-related risks and opportunities with information based on current expectations, estimates, projections and assumptions; caution should be exercised when interpreting the information provided.

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

In this report, limited assurance is provided for the metrics disclosures available in our Sustainability Report. This includes metrics such as GHG emissions and renewables capacity, which are reported and externally assured in accordance with the GRI Standards as part of our sustainability reporting disclosures.

Our Climate Roadmap and Journey

The energy sector contributes to almost 40% of global emissions[3], 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

Transition risks	Physical risks
Scenarios Sembcorp's business-as-usual (BAU) and NGFS' net zero 2050	**Scenarios** SSP1-2.6 and SSP5-8.5
Scope Renewables, and gas and related services encompassing subsidiaries, joint ventures and associates	**Scope** All operations under our management control
Analysis Assess impact of adjusted EBITDA[1] in a net-zero scenario from BAU	**Analysis** Assess impact of physical hazards and identify priority assets based on asset value and potential losses
Financial metric to generate output Adjusted EBITDA	**Financial metric to generate output** Expected losses (EL)

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 assumptions[2]

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 AR6[3]

Physical risk scenarios	Ambition level	Emissions increase	Description
1. SSP1-1.9 *Most optimistic scenario*	1.4°C	Very low	• 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 *Relatively optimistic scenario*	1.8°C	Low	• 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 *Middle-of-the-road scenario*	2.7°C	Intermediate	• 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 *Dangerous scenario*	3.6°C	High	• 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 *"Avoid at all costs" scenario*	4.4°C	Very high	• 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	• Renewables, and gas and related services segments which collectively contribute to more than 87% of our adjusted EBITDA[1] • 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	• 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

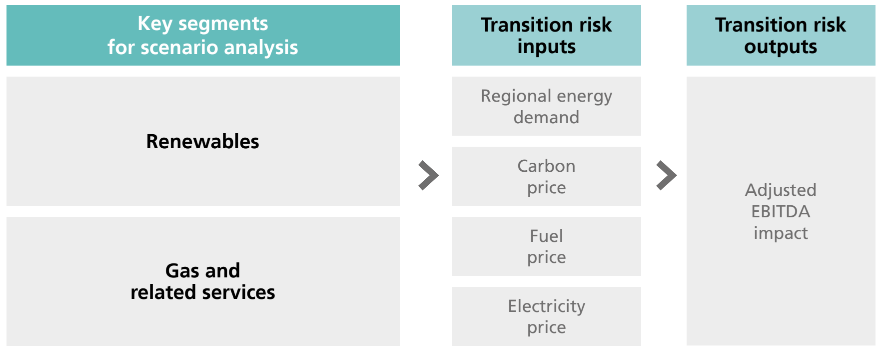


Figure 3: Adjusted EBITDA impact in 2030 in a net-zero scenario from BAU

Business segment	S$ million <200	S$ million 200–500	S$ million >500
Renewables			Upside
Gas and related services		Downside	
Group			Upside

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	• 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	• 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 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 periods[1]. 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 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

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

Key physical hazards	Potential impact	Mitigation measures
Flood and storm surge	• Business interruption from extreme weather events may result in revenue loss	• 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	• Property damage from extreme weather events may require repairs and construction, resulting in increased expenditure	• For the solar power project exposed to this hazard, we have constructed bund walls to mitigate potential impact from flood events
Drought	• Disruption in operations due to the lack of water may result in revenue loss and / or higher expenditure	• 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	• Increased cooling costs and reduced productivity due to heat waves may result in higher expenditure	• 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	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. 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 scheme[1] and carbon price support[2]. The increasing carbon prices pose inherent risk to our operating costs. In 2023, the financial impact was approximately S$52.2 million[3] in the form of cost of compliance. We expect carbon prices to rise and consequently the financial impact to increase as well.
Strategy and management approach	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. 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.

Physical risk: Extreme weather events such as flood and storm surge, and extreme precipitation **Impact:** Short-, medium- and long-term	
Description	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. 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.
Strategy and management approach	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.

[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/tCO_2 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	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 years[4]. This trend would generate positive impact for our business as we support the global energy transition. 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 tCO_2e emissions avoided[5].
Strategy and management approach	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 billion[6] to develop and grow our renewable energy portfolio. *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.*

Products and services: Deployment of decarbonisation solutions **Impact:** Short-, medium- and long-term	
Description	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 emissions[7]. 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. 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.
Strategy and management approach	We have a five-year (2024–2028) cumulative growth investment plan of S$1.4 billion to expand our decarbonisation solutions offerings. 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. *For more information on our strategic collaborations, please refer to the Media Releases section on the News and Insights webpage.*

[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 0.15tCO_2e/MWh from 2023 levels
- By 2030, reduce absolute emissions by 74% (from 2023 levels) to 2.7 million tCO_2e
- 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 to 9,000MWh of electricity consumed. This is equivalent to over 6,400tCO_2e emissions avoided or taking over 1,200 cars off the road for a year[1].

Key actions

Grow renewables

- Grow gross installed renewable energy capacity to 25GW by 2028

Reduce emissions

- Expiry of concession (gas-fired assets)
- Manage our gas portfolio for value
- Implement optimisation projects to improve efficiency

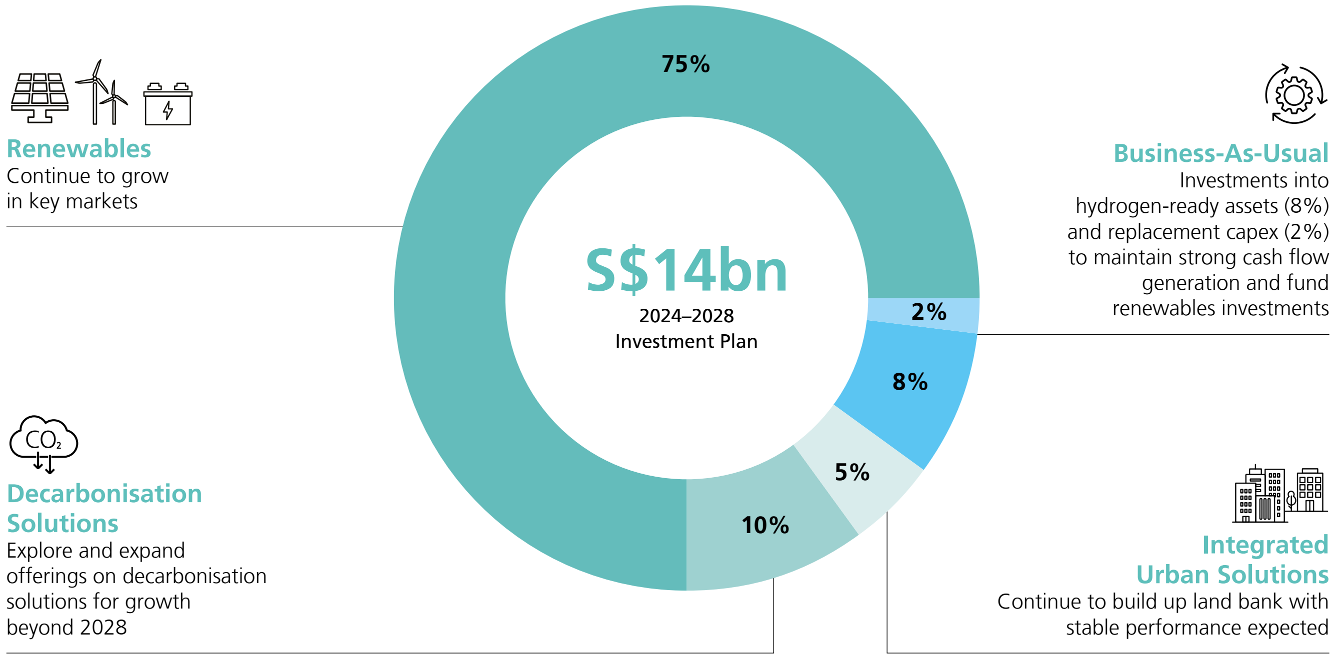
Invest in low-carbon initiatives

- Renewables imports
- Low-carbon technology for electricity generation
- Low-carbon feedstock: explore use of green hydrogen and / or ammonia in our generation assets

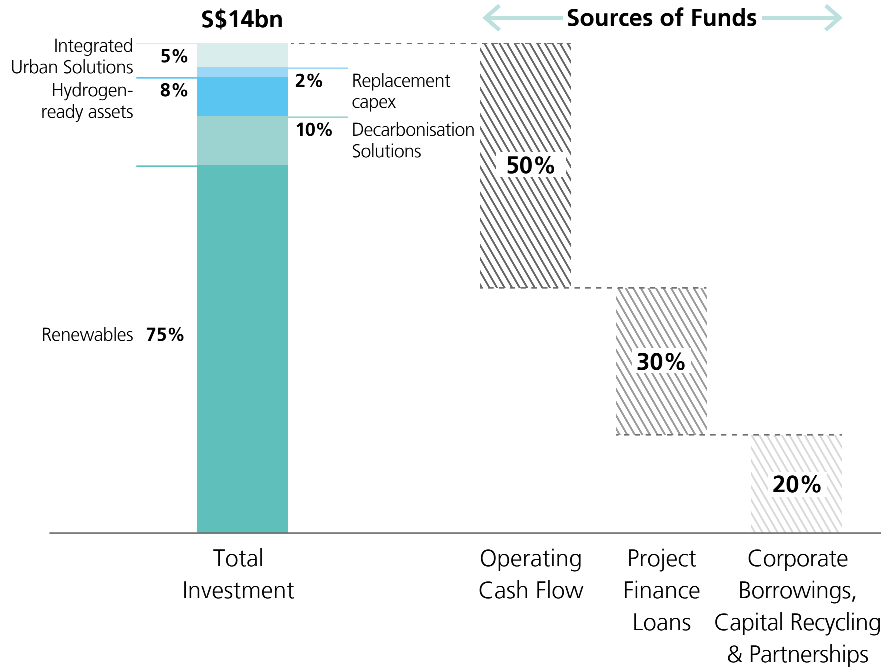
Financial planning 2024–2028

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.



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



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 billion[2] 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 totaling 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.

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

Performance Indicators

Climate Action

	Unit	2023	2022	2021	GRI
Decarbonisation					
GHG emissions[1]					
Scope 1 emissions[2]	$ktCO_2e$	**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]	$ktCO_2e$	**288.1**	241.3	229.9	305-2
Scope 3 emissions[5]	$ktCO_2e$	**16,669.8**	9,112.6[r1]	9,303.1[r1]	305-3
Category 3 – Fuel- and energy-related	$ktCO_2e$	**2,559.9**	4,087.1	4,344.1	
Category 11 – Use of sold products	$ktCO_2e$	**3,571.8**	5,025.5[r1]	4,959.0[r1]	
Category 15 – Investments	$ktCO_2e$	**10,538.1**	–	–	
GHG emissions intensity[6]	tCO_2e/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[11]**	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	

Empowering Lives

	Unit	2023		2022		2021		GRI
Workforce transformation[12]								
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		

Measurement units:

$ktCO_2e$: kilotonnes of carbon dioxide equivalent

$ktCO_2$: kilotonnes of carbon dioxide

tCO_2e/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 $1000m^3$

m^3/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 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

r2 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 safety[20]					
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 | 560**[27]	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	
			Contact Us		
	2-4	Restatements of information	Supplemental Information: Performance Indicators	65	
	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	
			Corporate Governance Statement	76–93	
	2-10	Nomination and selection of the highest governance body	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	44	✓
			Sustainability Framework		
	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	46–47	✓
			Supplemental Information: Performance Indicators	64	
	305-2	Energy indirect (Scope 2) GHG emissions	Our ESG Priorities: Climate Action	46–47	✓
			Supplemental Information: Performance Indicators	64	
	305-3	Other indirect (Scope 3) GHG emissions	Our ESG Priorities: Climate Action	46–47	✓
			Supplemental Information: Performance Indicators	64	
	305-4	GHG emissions intensity	Our ESG Priorities: Climate Action	46–47	✓
			Supplemental Information: Performance Indicators	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	46–47	✓
			Supplemental Information: Performance Indicators	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	48	✓
			Supplemental Information: Performance Indicators	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	49	✓
			Supplemental Information: Performance Indicators	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	50	✓
			Supplemental Information: Performance Indicators	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	51	✓
			Supplemental Information: Performance Indicators	66	
	403-10	Work-related ill health	Our ESG Priorities: Resilient Business	51	✓
			Supplemental Information: Performance Indicators	66	
Risk governance					
GRI 3: Material topics 2021	3-3	Management of material topics	Our ESG Priorities: Resilient Business	52	
			Corporate Governance Statement	76–93	
Non-GRI indicator	N/A	Integrated Assurance Framework (IAF) implementation across key markets	Our ESG Priorities: Resilient Business	52	✓
			Supplemental Information: Performance Indicators	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	✓
	205-2	Communication and training about anti-corruption policies and procedures	Our ESG Priorities: Resilient Business	52	✓
			Supplemental Information: Performance Indicators	67	
	205-3	Confirmed incidents of corruption and actions taken	Supplemental Information: Performance Indicators	67	✓

Assurance Statement

DNV

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

DNV

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 Conduct[1] 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'

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'

Singapore
15 March 2024

[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.

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)

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 its 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
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
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.

Corporate Governance Statement

Risk Committee
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
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
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.

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

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

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	✓	✓	✓	✓	✓		✓	✓	✓

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.

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

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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

1 Mr Tow was appointed as Chairman of the Board and ExCo with effect from April 20, 2023

2 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

3 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

4 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

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

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

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

8 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

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 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

3 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

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 (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)

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 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)

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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.

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)

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: 1. 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; 2. 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 3. 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.

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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	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. 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. 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.
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 which is submitted by each business unit, to provide assurance that the risk management and internal control systems are adequate and effective. This is supported by key risk indicators, which are monitored and reported to the RC on an ongoing basis.

For 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.

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Managing Stakeholders Relationships

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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.

In addition to briefings and meetings, the investor relations team organised physical tours for members of the investing community to our Sembcorp Tengeh 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.

Management engaging with the investment community during Investor Day 2023

[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

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

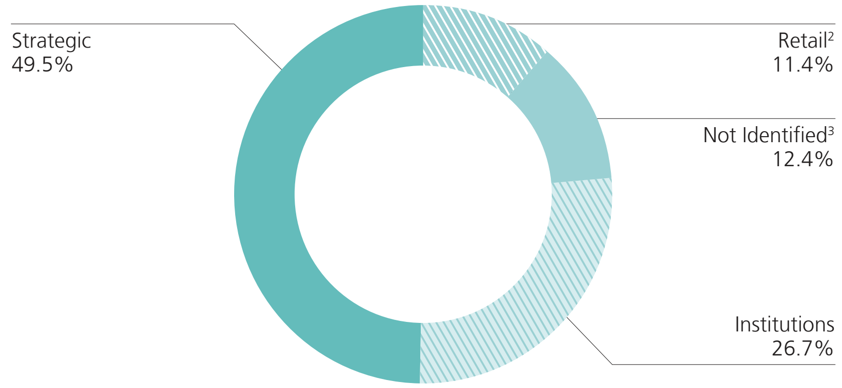
Total Shareholder Return

Sembcorp's last traded share price in 2023 was S$5.31 and the company ended the year with a market capitalisation[1] 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 return[1] for 2023 was 62%, significantly outperforming the Straits Times Index's return of 5%.

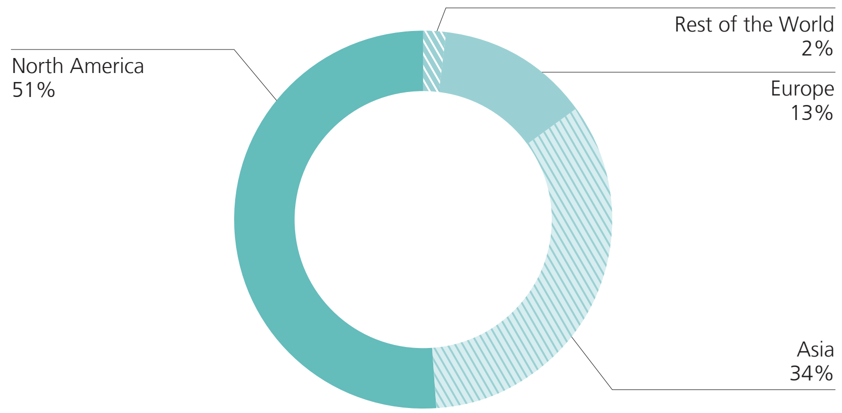
For financial year 2023, an interim dividend of 5 cents per ordinary share was declared and paid to shareholders in August 2023. A final dividend of 8 cents per ordinary share has been proposed, subject to approval by shareholders at the upcoming annual general meeting to be held in April 2024. Together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

Share Ownership by Investor Category*



Share Ownership by Geographical Distribution*

Excluding shares held by major shareholder Temasek Holdings and shareholders not identified



* As at December 31, 2023

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 not identified[3] accounted for 12.4% of issued share capital. Institutional shareholders accounted for 52.9% of free float, while retail shareholders[2] 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.

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Sembcorp solar assets in Punjab, India

Directors' Statement

Year ended December 31, 2023

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

In our opinion:

a. the financial statements set out on pages 110 to 230 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2023 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date are in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

b. at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

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

Directors' Interests

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

Name of director and corporation in which interests held	Direct interest			Deemed interest		
	At beginning of the year	At end of the year	At 21/01/2024	At beginning of the year	At end of the year	At 21/01/2024
Ordinary shares of the Company						
Tow Heng Tan[1]	8,700	22,400	22,400	22,715	22,715	22,715
Lim Ming Yan	19,100	34,400	34,400	–	–	–
Ajaib Haridass[2]	155,500	169,500	169,500	–	–	–
Yap Chee Keong[3]	116,800	131,500	131,500	–	–	–
Dr Josephine Kwa Lay Keng	54,300	67,000	67,000	–	–	–
Nagi Hamiyeh	29,600	40,400	40,400	–	–	–
Wong Kim Yin	395,188	4,163,597	4,163,597	–	–	–
S$350,000,000 4.6 per cent notes due 2030 comprising Series 004 ("Series 004 Notes"), issued under the S$3,000,000,000 Multicurrency Debt Issuance Programme						
Yap Chee Keong[4]	–	S$250,000	S$250,000	–	–	–

[1] Deemed interest in the shares registered in the name of his wife
[2] Of the 169,500 SCI shares, 5,000 shares are held in the name of Bank of Singapore and 100,000 shares are held in the name of Bank Julius Baer & Co Ltd
[3] All shares are registered in the name of DBS Nominees Pte Ltd
[4] The Series 004 Notes are registered in the name of DBS Nominees Pte Ltd

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

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

a. Period from 2021 to 2022 (PSP 2021-2022)
In FY2023, 755,800 SCI shares were vested on April 3, 2023

b. Period from 2021 to 2023 (PSP 2021-2023)
For this period, 0% to 200% of the conditional performance shares awarded could be delivered

c. Period from 2022 to 2024 (PSP 2022-2024)
For this period, 0% to 200% of the conditional performance shares awarded could be delivered

d. Period from 2023 to 2025 (PSP 2023-2025)
For this period, 0% to 200% of the conditional performance shares awarded could be delivered

e. Period from 2021 to 2025 (PSP-TI 2021-2025)
In FY2023, 859,500 SCI shares were vested on January 20, 2023. The remaining conditional performance shares awarded could be vested between 2024 to 2026, subject to the achievement of performance targets and vesting conditions

f. Period from 2022 to 2025 (PSP-TI 2022-2025)
In FY2023, 1,575,000 SCI shares were vested on January 20, 2023. The remaining conditional performance shares awarded could be vested between 2024 to 2026, subject to the achievement of performance targets and vesting conditions

g. Period from 2023 to 2025 (PSP-TI 2023-2025)
For this period, 0% to 140% of the conditional performance shares awarded could be delivered

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

a. RSP 2020
In FY2023, 78,676 SCI shares (final release of the 1/3 of 236,030 shares) were vested on April 3, 2023.

b. RSP 2021
In FY2023, 142,033 SCI shares (2nd release of the 1/3 of 426,100 shares) were vested on April 3, 2023. The remaining shares will be vested in Year 2024.

c. RSP 2022
In FY2023, 357,400 SCI shares (1st release of the 1/3 of 1,072,200 shares) were vested on April 3, 2023. The remaining shares will be vested in Year 2024 and 2025.

Directors' Statement

Year ended December 31, 2023

Directors' Interests *(cont'd)*

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

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

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

Share-based Incentive Plans

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

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

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

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

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

a. Performance Share Plan (PSP)

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

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

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

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

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

b. Restricted Share Plan (RSP)

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

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

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

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

c. Maximum Number of Shares Issuable

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

Audit Committee

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

Yap Chee Keong *(Chairman)*
Ajaib Haridass
Dr Josephine Kwa Lay Keng
Marina Chin Li Yuen *(Appointed on November 3, 2023)*
Ong Chao Choon *(Appointed on November 3, 2023)*

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

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

The Audit Committee also reviewed the following:

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

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

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

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

Auditors

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

On behalf of the Board of Directors

Tow Heng Tan
Chairman

Wong Kim Yin
Director

Singapore
February 19, 2024

Independent Auditors' Report

Members of the Company
Sembcorp Industries Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sembcorp Industries Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at December 31, 2023, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information as set out on pages 110 to 230.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act), Singapore Financial Reporting Standards (International) (SFRS(I)s) and International Financial Reporting Standards (IFRSs) so as to give a true and fair view of the financial position of the Group and the Company as at December 31, 2023 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of property, plant and equipment, intangible assets and interests in associates and joint ventures (collectively, the Group's non-financial assets)
(Refer to Notes D1, D3 and G3 to the financial statements: property, plant and equipment of S$6,465,000,000, intangible assets of S$952,000,000 and associates and joint ventures of S$2,396,000,000).

Risk:
As at December 31, 2023, the Group's non-financial assets amounted to S$9,813,000,000. Management performs impairment assessment of these assets at least annually and as and when indicators of impairment or impairment reversal occur.

CGUs identified for impairment assessment are found in Note D3.

The recoverable amount of a CGU is the higher of the CGU's fair value less costs of disposal and its value-in-use (VIU). As the fair values of these assets are not readily determinable, the Group measures the recoverable amounts using the discounted cash flow technique to derive the assets' VIU.

The determination of the recoverable amounts of these CGUs involves a high degree of judgement and is subject to significant estimation uncertainties, principally, the gross margin forecasts, plant load factors and discount rates used. Gross margin forecasts and plant load factors depend on customer demand that corresponds with tariff rates that can be affected by political and regulatory developments.

Independent Auditors' Report

Report on the audit of the financial statements *(cont'd)*

Impairment assessment of property, plant and equipment, intangible assets and interests in associates and joint ventures (collectively, the Group's non-financial assets) *(cont'd)*

Our response:
We assessed the Group's process for identifying and reviewing the CGUs subject to impairment testing.

We reviewed the key assumptions supporting the value-in-use calculations. We compared the plant load factors and gross margin forecasts to what had been achieved historically and prevailing market conditions affecting tariff and electricity demand. We involved our valuation specialist in comparing the discount rates to market observable data of peer companies and applicable risk premiums, where required.

We performed sensitivity analysis of key assumptions driving the cash flow forecasts for the individual CGUs and considered the likelihood of such changes arising.

Our findings:
The Group has a process for identifying and reviewing the CGUs for impairment testing. Key inputs on revenue and margins, cash flow projections period, maintenance capital expenditure, assumed inflationary adjustment on operating costs and discount rates are used in assessing the recoverable amounts of the CGUs. We found these key inputs comparable to market expectations. The disclosures describing the estimation uncertainties and the sensitivity of the assumptions applied are appropriate.

Valuation of trade and service concession receivables
(Refer to Note E1 to the financial statements: Gross trade receivables of S$841,000,000 and service concession receivables of S$843,000,000)

Risk:
As at December 31, 2023, the Group's gross trade and service concession receivables totalled S$1,684,000,000 against which a loss allowance of S$170,000,000 was recorded. Such assessment of expected credit losses involving customer-specific and forward-looking information requires management judgement.

Management estimates the loss allowance based on the ageing of overdue balances, repayment histories of individual debtors, existing customer-specific, market conditions and forward-looking information.

Such assessment of expected credit losses is inherently subjective and requires the exercise of significant management judgement.

Our response:
We reviewed the Group's estimation process in determining the amount of loss allowance recognised on these receivables.

We evaluated the creditworthiness of individually significant receivable accounts including the ones with deterioration in credit risk after initial recognition; and checked the probability of default and loss given default factors appraised by external credit agencies.

We assessed the adequacy of disclosures surrounding management's assessment on recoverability of these receivables.

Our findings:
The Group performs credit risk assessment on its trade and service concession receivables.

Management's basis of expected credit loss allowances booked on these receivables is supported by past historical experience together with probabilities of default and loss given default obtained from Economist Intelligence Unit (EIU), Standards and Poor and Moody.

We found the disclosures surrounding credit risk assessment to be adequate.

Divestment of Sembcorp Energy India Limited (SEIL)
(Refer to Note G6 and H1 to the financial statements: DPN receivable of S$1,816,000,000)

Risk:
The Group completed its divestment of Sembcorp Energy India Limited and its subsidiaries ("SEIL") during the year. As part of this transaction, the Group provided vendor financing to the Purchaser (Tanweer Infrastructure Pte. Ltd.) ("Tanweer") via a deferred payment note ("DPN"). The Group expects the DPN to be fully repaid within 24 years. The DPN is accounted as a financial asset measured at fair value through profit or loss as it does not satisfy the solely payment of principal and interest (SPPI) criteria set out under SFRS(I) 9 Financial Instruments for this financial asset to be carried at amortised cost. Tanweer also requested the Group to provide advisory services to SEIL via a Technical Service Agreement ("TSA").

In determining the fair value of DPN, it is assumed that Tanweer settles the DPN from agreed portions (as set out in S&P agreement) of distributions including dividends declared by SEIL. The Group has performed a discounted cashflow using the forecasted distributable reserves available from SEIL, taking into account (i) secured cash flows from various power purchase agreements ("PPA") with an average remaining duration of 15 years and (ii) unsecured cash flows from contract renewals and/or new contracts.

Management applied a discount rate to present value the DPN to reflect the cash flow risks associated with the forecast distributable dividends from SEIL, and credit-default risk of the Purchaser.

High degree of judgement is required to determine if the Group retains control or significant influence over SEIL post divestment. Significant estimates are also required to determine the fair value of the DPN.

Our response:
We read the relevant transaction agreements and reviewed management's assessment on whether the Group retains control or significant influence over SEIL post completion of the divestment.

We involved our valuation specialist to obtain market observable data including credit ratings of bonds issued by Indian public energy sector to benchmark with discount rate and application of valuation model used by management.

We performed a retrospective review over the amount received for the year and reviewed the latest cash flows forecasted by management to ascertain reasonableness of assumptions used in the valuation model.

We assessed adequacy of disclosure relating to the divestment.

Our findings:
Management assessed that the Group does not retain control or significant influence over SEIL following completion of the divestment. The Group divested 100% of equity stake in SEIL and does not have representatives on SEIL's board of directors who are responsible for key decisions which impact operations and financial returns of SEIL. The services which may be requested by Tanweer and provided by the Group under the TSA are advisory in nature and do not confer the Group the ability to control or significantly influence operations of SEIL. In addition, the TSA is non-exclusive and Tanweer has the discretion to appoint another competent third-party service provider. The DPN included certain rights such as the requirement for annual operating budget of SEIL to be approved by the Group. Such rights are considered protective in nature and commonly included in non-recourse project financing agreements provided by other financial institutions.

Management has appropriately recognised the DPN as fair value through profit or loss as it does not satisfy the solely payment of principal and interest (SPPI) criteria set out under SFRS(I) 9 Financial Instruments.

Amounts received by the Group are in line with management's forecast and assumptions used in the valuation model appears to be reasonable.

Management's use of discount rate to present value the DPN reflects the risks associated with the cash flows and credit risk as appraised under prevailing market conditions and circumstances applicable to SEIL and the Purchaser, respectively. Any changes in market conditions and circumstances may change the subsequent measurement value of DPN, with effects on future periods' profit or loss.

We found the disclosures relating to the divestment to be adequate.

Independent Auditors' Report

Report on the audit of the financial statements *(cont'd)*

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the following items prior to the date of this auditors' report:

- Investor Relations
- Corporate Information
- Group FY2023 Highlights
- Investor Day 2023 Thematics
- Chairman and CEO's Statement
- Business Review – Performance Scorecard
- Gas and Related Services Review
- Renewables Review
- Integrated Urban Solutions Review
- Decarbonisation Solutions Review
- Directors' Statement

The following items (the Reports) are expected to be made available to us after that date:

- Our Leadership
- Group Financial Review
- Environmental, Social and Governance Review
- Shareholding Statistics
- Additional Information on Directors Seeking Re-election

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
February 19, 2024

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Balance Sheets

As at December 31, 2023

(S$ million)	Note	Group 2023	Group 2022	Company 2023	Company 2022
Property, plant, and equipment	D1	6,465	5,305	350	348
Investment properties	D2	153	133	–	–
Investments in subsidiaries	G1	–	–	2,498	2,309
Associates and joint ventures	G3	2,396	2,287	–	–
Intangible assets	D3	952	697	29	27
DPN receivable	H1	1,816	–	–	–
Trade and other receivables	E1	811	855	*	1
Other investments and derivative assets	H1	132	183	1	–
Deferred tax assets	B3c	66	52	–	–
Non-current assets		**12,791**	**9,512**	**2,878**	**2,685**
Inventories	E2	135	137	7	9
Trade and other receivables	E1	1,674	1,564	117	119
Contract assets	B2c	15	29	–	–
Other investments and derivative assets	H1	114	89	*	*
Contract costs		1	3	–	–
Cash and cash equivalents	E4	767	1,254	288	239
Current assets		**2,706**	**3,076**	**412**	**367**
Assets held for sale	G6	–	3,432	–	*
Total assets		**15,497**	**16,020**	**3,290**	**3,052**
Trade and other payables	E3	1,630	1,715	289	144
Contract liabilities	B2c	171	139	1	2
Derivative liabilities	H1	63	99	*	–
Provisions	H2	77	42	35	17
Current tax payable		236	219	21	30
Lease liabilities	D1.1	18	17	11	10
Loans and borrowings	C5	1,281	1,096	–	–
Current liabilities		**3,476**	**3,327**	**357**	**203**
Liabilities held for sale	G6	–	1,494	–	–
Net current (liabilities) / assets		**(770)**	**1,687**	**55**	**164**

(S$ million)	Note	Group 2023	Group 2022	Company 2023	Company 2022
Other long-term payables	E3	121	93	1,392	1,379
Contract liabilities	B2c	80	69	37	25
Derivative liabilities	H1	20	23	–	–
Provisions	H2	65	62	17	24
Deferred tax liabilities	B3c	598	492	20	25
Lease liabilities	D1.1	292	270	104	107
Loans and borrowings	C5	5,973	5,974	–	–
Non-current liabilities		**7,149**	**6,983**	**1,570**	**1,560**
Total liabilities		**10,625**	**11,804**	**1,927**	**1,763**
Net assets		**4,872**	**4,216**	**1,363**	**1,289**
Equity attributable to owners of the Company:					
Share capital	C2	566	566	566	566
Reserve for own shares	C3	(40)	(31)	(40)	(31)
Other reserves	C3	(664)	(608)	(3)	19
Revenue reserve		4,726	4,050	840	735
Total		**4,588**	**3,977**	**1,363**	**1,289**
Non-controlling interests	G2	284	239	–	–
Total equity		**4,872**	**4,216**	**1,363**	**1,289**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss

Year ended December 31, 2023

(S$ million)	Note	Group 2023	Group 2022
Continuing operations			
Turnover	B1, B2	7,042	7,825
Cost of sales		(5,469)	(6,598)
Gross profit		1,573	1,227
General and administrative expenses		(432)	(499)
Other operating income, net		36	169
Non-operating income		148	9
Non-operating expenses		(7)	(16)
Finance income	C6	57	37
Finance costs	C6	(409)	(310)
Share of results of associates and joint ventures, net of tax		264	248
Profit before tax		1,230	865
Tax expense	B3	(182)	(138)
Profit from continuing operations	B4	1,048	727
Discontinued operation			
(Loss) / Profit from discontinued operation, net of tax	G6	(78)	144
Profit for the year		**970**	**871**
Profit attributable to:			
Owners of the Company		942	848
Non-controlling interests		28	23
Profit for the year		970	871
Earnings per share (cents):	B5		
Basic		52.83	47.59
Diluted		51.99	46.57
Earnings per share (cents) – Continuing operations:	B5		
Basic		57.21	39.51
Diluted		56.29	38.66

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2023

(S$ million)	Note	Group 2023	Group 2022
Profit for the year		970	871
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(154)	(559)
Exchange differences on monetary items forming part of net investment in foreign operation		2	(7)
Net change in fair value of cash flow hedges		(56)	318
Net change in fair value of cash flow hedges reclassified to profit or loss		(3)	(341)
Realisation of reserves upon disposal of associates and assets held for sale		137	2
Share of other comprehensive income of associates and joint ventures		1	62
Net change in fair value of cash flow hedges reclassified to cost of investment of / loan to a subsidiary	F2	1	*
Income tax relating to these items	B3d	11	9
		(61)	(516)
Items that may not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial gains and losses		(11)	(7)
Change in fair value of financial assets at fair value through other comprehensive income		(6)	*
Income tax relating to these items	B3d	2	2
		(15)	(5)
Other comprehensive income for the year, net of tax	B3d	(76)	(521)
Total comprehensive income for the year		894	350
Total comprehensive income attributable to:			
Owners of the Company		874	334
Non-controlling interests		20	16
Total comprehensive income for the year		894	350
Total comprehensive income attributable to owners of the Company:			
Continuing operations		819	452
Discontinued operation		55	(118)
		874	334

Consolidated Statement of Changes in Equity

Year ended December 31, 2023

	Attributable to owners of the Company											
(S$ million)	Share capital	Reserve for own shares	Foreign currency translation reserve	Capital reserve	Merger reserve	Share-based payments reserve	Fair value reserve	Hedging reserve	Revenue reserve	Total	Non-controlling interests	Total equity
Group												
Balance at January 1, 2023	566	(31)	(957)	176	29	11	40	93	4,050	3,977	239	4,216
Total comprehensive income for the year												
Profit for the year	–	–	–	–	–	–	–	–	942	942	28	970
Other comprehensive income												
Foreign currency translation differences for foreign operations	–	–	(146)	–	–	–	–	–	–	(146)	(8)	(154)
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	2	–	–	–	–	–	–	2	–	2
Net change in fair value of cash flow hedges	–	–	–	–	–	–	–	(45)	–	(45)	*	(45)
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	–	–	–	–	(3)	–	(3)	–	(3)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	(6)	–	–	(6)	–	(6)
Realisation of reserves upon disposal of assets held for sale	–	–	423	(288)	–	(4)	–	–	2	133	–	133
Realisation of reserves upon disposal of associates	–	–	4	*	–	–	–	–	–	4	–	4
Transfer of reserves	–	–	2	16	–	7	2	5	(32)	–	–	–
Net change in fair value of cash flow hedges reclassified to cost of investment of / loan to a subsidiary	–	–	–	–	–	–	–	1	–	1	–	1
Defined benefit plan actuarial gains and losses	–	–	–	–	–	–	–	–	(9)	(9)	*	(9)
Share of other comprehensive income of associates and joint ventures	–	–	–	3	–	–	–	(6)	4	1	–	1
Total other comprehensive income for the year	–	–	285	(269)	–	3	(4)	(48)	(35)	(68)	(8)	(76)
Total comprehensive income for the year	–	–	285	(269)	–	3	(4)	(48)	907	874	20	894
Transactions with owners of the Company, recognised directly in equity												
Share issuance	–	–	–	–	–	–	–	–	–	–	30	30
Share-based payments	–	–	–	–	–	29	–	–	–	29	–	29
Purchase of treasury shares	–	(61)	–	–	–	–	–	–	–	(61)	–	(61)
Treasury shares transferred to employees	–	52	–	–	–	(52)	–	–	–	–	–	–
Dividend paid / payable to owners (Note C4)	–	–	–	–	–	–	–	–	(231)	(231)	–	(231)
Dividend paid / payable to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(5)	(5)
Total transactions with owners	–	(9)	–	–	–	(23)	–	–	(231)	(263)	25	(238)
At December 31, 2023	566	(40)	(672)	(93)	29	(9)	36	45	4,726	4,588	284	4,872

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended December 31, 2023

	Attributable to owners of the Company											
(S$ million)	Share capital	Reserve for own shares	Foreign currency translation reserve	Capital reserve	Merger reserve	Share-based payments reserve	Fair value reserve	Hedging reserve	Revenue reserve	Total	Non-controlling interests	Total equity
Group												
Balance at January 1, 2022	566	(15)	(401)	156	29	(5)	40	48	3,349	3,767	151	3,918
Total comprehensive income for the year												
Profit for the year	–	–	–	–	–	–	–	–	848	848	23	871
Other comprehensive income												
Foreign currency translation differences for foreign operations	–	–	(548)	–	–	–	–	–	–	(548)	(11)	(559)
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	(7)	–	–	–	–	–	–	(7)	–	(7)
Net change in fair value of cash flow hedges	–	–	–	–	–	–	–	266	–	266	4	270
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	–	–	–	–	(284)	–	(284)	–	(284)
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	*	–	–	*	–	*
Realisation of reserves upon disposal of an associate	–	–	1	1	–	–	–	–	–	2	–	2
Transfer of reserves	–	–	(2)	20	–	–	–	–	(18)	–	–	–
Net change in fair value of cash flow hedges reclassified to cost of investment of / loan to a subsidiary	–	–	–	–	–	–	–	*	–	*	–	*
Defined benefit plan actuarial gains and losses	–	–	–	–	–	–	–	–	(5)	(5)	–	(5)
Share of other comprehensive income of associates and joint ventures	–	–	–	(1)	–	–	–	63	–	62	–	62
Total other comprehensive income for the year	–	–	(556)	20	–	–	–	45	(23)	(514)	(7)	(521)
Total comprehensive income for the year	–	–	(556)	20	–	–	–	45	825	334	16	350
Transactions with owners of the Company, recognised directly in equity												
Share issuance	–	–	–	–	–	–	–	–	–	–	21	21
Share-based payments	–	–	–	–	–	27	–	–	–	27	–	27
Purchase of treasury shares	–	(27)	–	–	–	–	–	–	–	(27)	–	(27)
Treasury shares transferred to employees	–	11	–	–	–	(11)	–	–	–	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	63	63
Dividend paid / payable to owners (Note C4)	–	–	–	–	–	–	–	–	(125)	(125)	–	(125)
Dividend paid / payable to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(12)	(12)
Unclaimed dividends	–	–	–	–	–	–	–	–	1	1	–	1
Total transactions with owners	–	(16)	–	–	–	16	–	–	(124)	(124)	72	(52)
At December 31, 2022	566	(31)	(957)	176	29	11	40	93	4,050	3,977	239	4,216

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2023

(S$ million)	Group 2023	Group 2022
Cash flows from operating activities		
Profit for the year:		
– Continuing operations	1,048	727
– Discontinued operation	(78)	144
Adjustments for:		
Dividend income	(2)	(2)
Finance income	(57)	(54)
Finance costs	409	444
Deferred payment note income	(133)	–
Depreciation and amortisation	454	461
Amortisation of deferred income and capital grants	14	(4)
Share of results of associates and joint ventures, net of tax	(264)	(248)
Loss / (Gain) on disposal of:		
– asset held for sale	78	–
– property, plant and equipment, intangible assets and other financial assets	(5)	(4)
– associate	(5)	*
Changes in fair value of financial instruments	6	4
Equity settled share-based compensation expenses	29	27
Allowance for:		
– impairment loss in value of assets and assets written off, net	12	31
Negative goodwill	(1)	–
Tax expense	182	166
Operating profit before working capital changes	1,687	1,692
Changes in:		
Inventories	2	(51)
Receivables	155	277
Payables	(230)	(212)
Contract costs	*	(2)
Contract assets	14	(1)
Contract liabilities	43	13
	1,671	1,716
Tax paid	(190)	(64)
Net cash from operating activities	**1,481**	**1,652**

(S$ million)	Note	Group 2023	Group 2022
Cash flows from investing activities			
Dividend received		166	95
Interest received		58	51
Proceeds from:			
– disposal of investments in joint ventures and associates		–	12
– sale of property, plant and equipment		5	2
– sale of intangible assets		*	–
– disposal of other financial assets and business		698	617
Deferred payment note receipts		355	–
Acquisition of subsidiaries, net of cash acquired		(502)	(350)
Acquisition of additional investments in joint ventures and associates		(148)	(630)
Acquisition of other financial assets		(674)	(567)
Purchase of property, plant and equipment and investment properties		(826)	(608)
Purchase of intangible assets		(10)	(7)
Net cash used in investing activities		**(878)**	**(1,385)**
Cash flows from financing activities			
Proceeds from share issued to non-controlling interests of subsidiaries		30	21
Purchase of treasury shares		(61)	(27)
Repayment of lease liabilities		(21)	(23)
Proceeds from borrowings		4,034	3,854
Repayment of borrowings		(4,450)	(3,544)
Dividends paid to owners of the Company		(231)	(125)
Dividends paid to non-controlling interests of subsidiaries		(5)	(12)
(Payment) / Receipts in restricted cash held as collateral		(27)	39
Payment on contingent consideration		(12)	–
Interest paid		(356)	(386)
Net cash used in financing activities		**(1,099)**	**(203)**
Net (decrease) / increase in cash and cash equivalents		(496)	64
Cash and cash equivalents at beginning of the year		1,246	1,297
Effect of exchange rate changes on balances held in foreign currency		(18)	(79)
Cash and cash equivalents at end of the year (including held for sale)		**732**	**1,282**
Cash and cash equivalents classified as held for sale	G6	–	(36)
Cash and cash equivalents at end of the year	E4	**732**	**1,246**

Significant non-cash transactions

During the year, proceeds from the capital reduction of a joint venture in China was settled against an amount due to joint venture of S$44 million (Note G3 and G4).

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

A. About These Financial Statements

Sembcorp Industries Ltd (the Company) is a company incorporated in the Republic of Singapore and has its registered office at 30 Hill Street, #05-04, Singapore 179360.

The Company is 49.61% owned by Temasek Holdings (Private) Limited. Under SFRS(I) 10 Consolidated Financial Statements, the Company's immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

The financial statements of the Group as at and for the year ended December 31, 2023 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates and joint ventures.

The financial statements were authorised for issue by the Board of Directors on February 19, 2024.

A1. Basis of Preparation

The Group's financial statements are prepared on a going concern basis, notwithstanding that as at December 31, 2023, the Group was in a net current liabilities position of S$770 million. The net current liabilities position was transitional, as approximately 85% of the total S$1,281 million borrowing due within the next 12 months is in various stages of being refinanced and 15% is under project finance amortised repayments. The Group has S$1.9 billion of committed unutilised credit facilities available for drawdown with maturity beyond 2024.

The financial statements have been prepared in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards (IFRS). SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are subsequently referred to as SFRS(I) in these financial statements unless otherwise specified.

The financial statements have been prepared on the historical cost basis except as otherwise described in the accounting policies.

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions, which are based on historical experience and various other factors believed to be reasonable under the circumstances, form the basis of judgement about carrying value of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about key management judgements and estimates that are considered material to the financial statements are incorporated in respective notes to the financial statements.

The financial statements are presented in Singapore dollar which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest million unless otherwise stated. '*' denotes financial value that is less than S$1 million.

Information is only being included in the financial report to the extent it is considered material and relevant to the understanding of the financial statements. A disclosure is considered material and relevant if:

- dollar amount is significant in value
- dollar amount is significant by nature
- financial results cannot be understood without specific disclosure
- critical to allow user to understand significant changes in group businesses

A2. Material Accounting Policy Information

The Group adopted Amendments to SFRS(I)1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies for the first time in 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. These amendments did not result in any changes to the accounting policies, they impacted the accounting policy information disclosed in the financial statements and they have been applied consistently by Group entities. Besides the accounting polices described below, other material accounting policies are included in the respective notes to the financial statements.

i. Foreign currencies

Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group entities using exchange rates at the dates of the transactions. At each balance sheet date, foreign currency monetary assets and liabilities are translated to the functional currency using foreign exchange rates at that date.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using exchange rates at the date of the transaction while those measured at fair value are translated to the functional currency using exchange rates at the date the fair value was determined.

Foreign currency differences are recognised in profit or loss, except when arising from the translation of the following items, in which case the differences are recognised in other comprehensive income:

- Equity instruments designated as fair value through other comprehensive income (FVOCI). (However, upon impairment, the foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- A financial liability designated as a hedge of a net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of entities with a functional currency other than Singapore dollar are expressed in Singapore dollar using exchange rates prevailing at the balance sheet date. Income and expense items and cash flows are translated at the average exchange rates for each month and exchange differences arising are recognised directly in other comprehensive income.

On disposal of a foreign entity, the cumulative amount previously recognised in the consolidated statement of comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated accordingly.

Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such exchange differences are reclassified to the foreign currency translation reserve in the consolidated statement of comprehensive income and are released to the consolidated statement of profit or loss upon disposal of the investment as part of the gain or loss on disposal.

Notes to the Financial Statements

A. About These Financial Statements *(cont'd)*

A2. Material Accounting Policy Information *(cont'd)*

ii. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

The financial statements of subsidiaries acquired or disposed during the financial year are included or excluded from the consolidated financial statements from their respective dates of obtaining control or ceasing control. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group. All intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition includes fair values of any contingent or deferred consideration arrangement and any pre-existing equity interest in the subsidiary. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss. From January 1, 2017, acquisition related costs are recognised in the profit or loss as incurred whereas prior to this date, acquisition related costs formed part of the cost of acquisition. The unwinding of any interest element of deferred consideration is recognised in profit or loss.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit or loss on the date of acquisition.

Business combinations that involve entities under common control are excluded from the scope of SFRS(I) 3. Such combinations are accounted at historical costs in a manner similar to the pooling-of-interest method, in the preparation of the consolidated financial statements. Under this method of accounting, the difference between the value of the share capital issued and the value of shares received is taken to the merger reserve.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or financial assets at FVOCI depending on the level of influence retained.

From January 1, 2010, changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. The difference between the change in the carrying amounts of the non-controlling interests (NCI) and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. Prior to January 1, 2010, any excess of the cost of acquisition of NCI over the carrying amount of the interest in the net assets acquired at the date of acquisition was recognised as goodwill.

On a transaction-by-transaction basis, the measurement of NCI is either at fair value or at the NCI's share of the fair value of the identifiable net assets of the acquiree.

Non-controlling interests

NCI comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statements of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the NCI based on their respective interest in a subsidiary, even if this results in the NCI having a deficit balance.

Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of net assets of the subsidiary.

Associates and joint ventures

Associates and joint ventures are accounted for using the equity method of accounting from the date that significant influence commences until the date that significant influence ceases and are recognised initially at cost. The cost of investments includes transaction costs. When the Group's share of losses exceeds its interest in the associate or joint venture, the carrying amount of the investment (including any other unsecured receivables, that in substance, form part of the Group's net investment) is reduced to zero, and the recognition of further losses is discontinued unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to profit or loss in the period of the acquisition. Where the audited financial statements are not yet available for the purpose of statutory filing, the share of results is arrived at from management financial statements.

Impairment for associates and joint ventures

An impairment loss in respect of an associate or joint venture shall be recognised if, and only if, the recoverable amount of the investment is less than the carrying amount. An impairment loss is recognised in the profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

iii. Adoption of new accounting policies

New standards and amendments

The Group has applied the following new and amendments to SFRS(I)s which became effective on January 1, 2023.

- SFRS(I) 17 Insurance Contracts

Amendments to:

- SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)
- SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
- SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- SFRS(I) 1-12 International Tax Reform – Pillar Two Model Rules

The Group has also early adopted Amendments to SFRS(I) 1-1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants) with effect from January 1, 2023.

The adoption of these SFRS(I)s does not have a material effect on the financial statements.

Notes to the Financial Statements

B. Our Performance

B1. Segments Information

The principal activities of the Company are those of an investment holding company, corporate headquarter and the production and supply of utilities services, terminalling and storage of petroleum products and chemicals.

Sembcorp Industries (Sembcorp) is a leading energy and urban solutions provider. In November 2023, the Group announced its 2024–2028 strategic plan, reaffirming its commitment to transform its portfolio from brown to green.

The Group will play its part in achieving a low-carbon future through a responsible energy transition. The Gas and Related Services segment continues to provide reliable energy. Its significantly contracted position provides earnings visibility, to fund the Group's renewables growth as well as the development of decarbonisation solutions.

The Group has categorised its business segments based on the internal reports that are reviewed and used by the executive management team in determining the allocation of resources and in assessing performance of the operating segments. The Group's businesses are categorised into the five main segments, namely Gas and Related Services, Renewables, Integrated Urban Solutions, Decarbonisation Solutions, and Other Businesses and Corporate. Comparative segment information has been re-presented accordingly.

The principal activities of key subsidiaries under the five main segments are as follows:

i. Gas and Related Services
The Gas and Related Services segment's principal activities include the sale of energy molecules (including natural gas, steam and electricity from a diversity of fossil fuels such as natural gas). This segment also includes sale of water products from its integrated assets.

ii. Renewables
The Renewables segment's principal activities are the provision of self-generated electricity from solar and wind resources, energy storage, as well as provision of system services that support integration of renewables into grid. This segment also includes the development and provision of installation, operation and maintenance of solar, wind and energy storage assets.

iii. Integrated Urban Solutions
The Integrated Urban Solutions segment supports sustainable development through its suite of urban, water as well as waste and waste-to-resource solutions. The segment's businesses comprise the development of large-scale integrated urban developments and integrated townships such as industrial parks, business, commercial and residential spaces, production and reclamation of water and industrial wastewater treatment as well as solid waste management and waste-to-resource solutions.

iv. Decarbonisation Solutions
The Decarbonisation Solutions segment includes the trading of Energy Attribute Certificates, low-carbon feedstock (green hydrogen and ammonia), power imports and carbon capture, utilisation and storage (CCUS) business.

v. Other Businesses and Corporate
The Other Businesses and Corporate segment comprise businesses mainly relating to specialised construction, minting, the Group's captive insurance and financial services, as well as corporate costs.

a. Operating Segments
Information regarding the continuing operations' results of each reportable segment is included below.

	Continuing operations						
(S$ million)	Gas and Related Services	Renewables	Integrated Urban Solutions	Decarbon-isation Solutions	Other Businesses and Corporate	Elimination	Total
2023							
Turnover							
External sales	5,457	703	418	16	448	–	7,042
Inter-segment sales	50	1	17	5	11	(84)	–
Total	**5,507**	**704**	**435**	**21**	**459**	**(84)**	**7,042**

	Continuing operations						
(S$ million)	Gas and Related Services	Renewables	Integrated Urban Solutions	Decarbon-isation Solutions	Other Businesses and Corporate	Elimination	Total
2023 *(cont'd)*							
Results							
Earnings before interest, taxes, depreciation and amortisation[1] (EBITDA)	1,088	514	120	(11)	82	(4)	1,789
Share of results of associates and joint ventures, net of tax	94	88	82	*	*	–	264
Adjusted EBITDA	**1,182**	**602**	**202**	**(11)**	**82**	**(4)**	**2,053**
Depreciation and amortisation	(190)	(198)	(54)	*	(12)	–	(454)
Other non-cash (expenses) / income:							
– Allowance for impairment in value of assets and assets written off	(7)	(2)	(3)	–	*	–	(12)
– Others	–	1	–	–	(6)	–	(5)
Finance income	55	16	20	1	91	(126)	57
Finance costs	(95)	(174)	(12)	*	(254)	126	(409)
Profit / (Loss) before tax	**945**	**245**	**153**	**(10)**	**(99)**	**(4)**	**1,230**
Tax expense	(124)	(39)	(19)	*	*	–	(182)
Non-controlling interests	(12)	(8)	(8)	–	*	–	(28)
Profit / (Loss) from continuing operations	**809**	**198**	**126**	**(10)**	**(99)**	**(4)**	**1,020**
Loss from discontinued operation, net of tax							**(78)**
Profit attributable to owners of the Company							**942**
Assets							
Segment assets	4,844	6,272	1,440	51	3,589	(3,176)	13,020
Associates and joint ventures	514	1,040	837	*	5	–	2,396
Tax assets	22	23	17	–	19	–	81
Total assets	**5,380**	**7,335**	**2,294**	**51**	**3,613**	**(3,176)**	**15,497**
Liabilities							
Segment liabilities	2,916	4,897	422	13	4,715	(3,172)	9,791
Tax liabilities	328	337	67	–	102	–	834
Total liabilities	**3,244**	**5,234**	**489**	**13**	**4,817**	**(3,172)**	**10,625**
Capital expenditure[2]	**213**	**595**	**40**	*****	**8**	**–**	**856**

[1] Indicates EDITDA excluding major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-off.

[2] Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill and carbon allowances.

The EBITDA elimination amount relates to unrealised profits on the sale of environmental attributes across the segments with corresponding adjustment in segment assets.

Other Businesses and Corporate's segment assets include DPN receivable (Note H1).

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B1. Segments Information *(cont'd)*

a. Operating Segments *(cont'd)*

(S$ million)	Continuing operations: Gas and Related Services	Renewables	Integrated Urban Solutions	Decarbon-isation Solutions	Other Businesses and Corporate	Elimination	Total
2022							
Turnover							
External sales	6,547	503	444	3	328	–	7,825
Inter-segment sales	54	1	8	*	6	(69)	–
Total	**6,601**	**504**	**452**	**3**	**334**	**(69)**	**7,825**
Results							
Earnings before interest, taxes, depreciation and amortisation[1] (EBITDA)	886	353	131	(2)	(60)	–	1,308
Share of results of associates and joint ventures, net of tax	93	62	94	(1)	*	–	248
Adjusted EBITDA	**979**	**415**	**225**	**(3)**	**(60)**	**–**	**1,556**
Depreciation and amortisation	(184)	(124)	(53)	*	(11)	–	(372)
Other non-cash (expenses) / income:							
– (Impairment and write off) / Write back of investments	–	(8)	–	(1)	–	–	(9)
– Allowance for impairment in value of assets and assets written off	(25)	(1)	(6)	–	*	–	(32)
– Others	–	*	*	–	(5)	–	(5)
Finance income	19	13	14	*	63	(72)	37
Finance costs	(92)	(130)	(13)	*	(147)	72	(310)
Profit / (Loss) before tax	**697**	**165**	**167**	**(4)**	**(160)**	**–**	**865**
Tax expense	(83)	(26)	(18)	*	(11)	–	(138)
Non-controlling interests	(11)	(6)	(6)	–	–	–	(23)
Profit / (Loss) from continuing operations	**603**	**133**	**143**	**(4)**	**(171)**	**–**	**704**
Profit from discontinued operation, net of tax							**144**
Profit attributable to owners of the Company							**848**
Assets							
Segment assets	4,855	4,855	1,402	5	2,108	(2,986)	10,239
Associates and joint ventures	504	870	908	*	5	–	2,287
Tax assets	17	9	19	–	17	–	62
	5,376	**5,734**	**2,329**	**5**	**2,130**	**(2,986)**	**12,588**
Assets held for sale							3,432
Total assets							**16,020**

[1] Indicates EDITDA excluding major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-off.

(S$ million)	Continuing operations: Gas and Related Services	Renewables	Integrated Urban Solutions	Decarbon-isation Solutions	Other Businesses and Corporate	Elimination	Total
2022 *(cont'd)*							
Liabilities							
Segment liabilities	3,211	3,973	488	6	4,907	(2,986)	9,599
Tax liabilities	326	220	47	–	118	–	711
	3,537	**4,193**	**535**	**6**	**5,025**	**(2,986)**	**10,310**
Liabilities held for sale							1,494
Total liabilities							**11,804**
Capital expenditure[2]	**109**	**488**	**32**	**–**	**10**	**–**	**639**

[2] Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill and carbon allowances.

b. Geographical Segments

The Group's geographical segments are presented in six principal geographical areas: Singapore, India, United Kingdom (UK), China, Rest of Asia, and Middle East. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and total assets are based on the geographical location of the assets.

Continuing operations

(S$ million)	Turnover: December 31, 2023	Turnover: December 31, 2022	Capital Expenditure: December 31, 2023	Capital Expenditure: December 31, 2022
Singapore	5,297	5,828	326	404
UK	710	1,165	83	118
China[1]	364	301	32	29
India	364	277	249	52
Rest of Asia	261	211	2	36
Middle East	44	42	164	–
Other Countries	2	1	–	–
Total	**7,042**	**7,825**	**856**	**639**

(S$ million)	Non-current Assets: December 31, 2023	Non-current Assets: December 31, 2022	Total Assets: December 31, 2023	Total Assets: December 31, 2022[3]
Singapore[2]	3,989	2,163	5,005	3,343
China[1]	3,681	3,212	4,406	4,016
India	2,493	1,644	2,834	1,989
Rest of Asia	1,291	1,309	1,715	1,632
UK	800	828	970	1,233
Middle East	517	341	547	358
Other Countries	20	15	20	17
Total	**12,791**	**9,512**	**15,497**	**12,588**

[1] China businesses under Renewables and Integrated Urban Solutions segments comprise associates or joint ventures that are accounted for under the equity method.

[2] In 2023, the amounts include the DPN receivable (Note H1).

[3] Excludes amount from disposal group held for sale (Note G6).

Majority of the Group's revenue from continuing operations is from Singapore and UK which contributed to 75% (2022: 74%) and 10% (2022: 15%) respectively.

The increase in assets in 2023 for China and India was mainly attributable to the acquisitions of subsidiaries during the year.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover

This note explains how our Group's revenue from contracts with customers are measured and recognised. Turnover of the discontinued operation is shown in Note G6.

Accounting policies

Revenue is measured based on consideration specified in a contract with customer. The Group recognises revenue when it transfers control over a good or service to a customer.

For all revenue contracts with customers, the Group accounts for modifications to the scope or price (or both) of a contract, as separate contracts, if the modifications add distinct goods or services at their stand-alone selling prices. For contract modifications that add distinct goods or services but not at their stand-alone selling prices, the Group applies a new transaction price, combining the remaining consideration with the consideration promised on the modification, to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and recognises a cumulative adjustment to revenue at the date of the modification.

Revenue from Contracts with Customers

a. Sale of Electricity, Utilities and Gas and Related Services

The sale of electricity, utilities and gas and related services are determined to be a series of distinct goods satisfied over time. This is because the customers simultaneously receive and consume the benefits provided by the Group. Invoices are generated monthly based on the output delivered to the customers. No significant element of financing is deemed present as the sales are typically made with a credit term of 30 days, consistent with market practice.

Revenue from these sales is recognised based on price (including variable considerations) specified in the contracts. Variable considerations such as off specification delivery are reviewed and estimated monthly. A refund liability is recognised in provisions for off specification delivery and outage, if any.

When the period between the satisfaction of a performance obligation and payment by the customer exceeds one year, the Group adjusts the consideration for time value of money and recognises a financing component.

b. Service Concession Revenue

The Group has entered into service concession contracts with local governments or governing agencies (the grantor) to design, build and operate (including the maintenance of) water treatment plants or power generation plants over an agreed period ranging from 22 to 30 years. At the end of the concession period, these assets are to be transferred to the grantor and any extension will be based on mutual agreements. These contractual arrangements fall within the scope of SFRS(I) INT 12.

The Group recognises and measures revenue for building (construction services) and operating these assets as specified in the contracts in accordance with SFRS(I) 15 for the services performed. Revenue relating to construction services under a service concession arrangement is recognised over time when the performance obligations are satisfied.

Operation or service revenue is recognised in the period in which the services are provided by the Group, consistent with the Group's accounting policy on recognising revenue on sale of electricity, utilities and gas and related services (see Note B2(a) above). When the Group provides more than one service in a service concession arrangement, the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

c. Construction of Infrastructure and Related Engineering Services

The Group builds specialised assets for customers for which the Group does not have an alternative use. Revenue is recognised when control over the specialised asset has been transferred to customers.

Contracts with Enforceable Right to Payment

For contracts where the Group has contractual enforceable rights to payment, revenue is recognised over time with reference to the Group's progress towards completing the construction of the specialised asset. The stage of completion is typically assessed either by surveys of work performed (output method), or the cost incurred to date relative to total estimated cost (input method), depending on which method commensurates with the pattern of transfer of control to customers. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

The Group recognises a financing component using discount rates at contract inception if the delivery of goods and payment by customers exceed one year. If the period between the delivery and payment is one year or less, the Group applies the practical expedient not to adjust for significant financing component.

For contracts with standard warranty terms on the performance of the asset, a warranty provision is estimated based on historical data, from known and expected warranty work as well as contractual obligations to be performed after completion. The warranty expense incurred could be higher or lower than the provision made.

d. Sales of Development Properties

The Group develops and sells residential projects to customers through fixed price contracts. For such contracts, the Group does not have enforceable rights to payment in accordance with the contractual terms. Revenue is recognised at a point in time when the control over the residential project has been transferred to customers and customers' acceptance has been obtained, which is also when the rights to payment become enforceable.

e. Sales of Other Goods

Revenue is recognised at a point in time when the goods are transferred to customers and the criteria for acceptance have been satisfied.

Rental Income

Rental income receivable under operating lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of total rental income, over the term of the lease.

Contingent rentals are recognised as income in the accounting period in which they are earned.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

Key estimates and judgements

The Group has applied judgement and estimates in recognising revenue from long-term contracts. Any increases or decreases in estimated revenue or costs due to change in circumstances are reflected in the profit or loss in the period in which the changes become known to management. The key estimates and judgements applied are:

Performance Obligation

Significant judgement is required in determining whether the performance obligations are distinct. The Group's assessment includes considerations of whether customers can benefit from the good or service either on its own or together with other resources that are readily available to the customers and whether the Group's promise to transfer the good or service to the customers is separately identifiable from other promises in the contracts. The Group has assessed that long-term contracts with customers have a single performance obligation in view that the services in the contracts are not distinct.

Variable Considerations

For contracts with variable considerations (i.e. liquidated damages, or where customers can contractually rescind the delivery of utilities and gas which do not meet the specifications), the Group has applied judgement in determining the transaction price, based on evaluation of any potential risks and factors which may affect the completion or delivery of the contracts, in accordance with the contractual obligations.

Percentage of Completion

For revenue recognised over time, the percentage of completion for certain contracts is assessed by reference to the contract costs incurred to date in proportion to the total estimated contract costs for each contract. In making these estimates, the Group has relied on the expertise of surveying engineers and management's past experiences from completed projects. The estimated total costs are reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

Onerous Contracts

The Group conducts critical review of all its long-term construction contracts regularly. Allowance is made to account for onerous contracts. The Group monitors and reviews the progress of all long-term land development and construction contracts, taking into consideration inputs from internal project managers and external customers in estimating the total contract costs to complete as well as evaluating any potential risks and factors which may affect contract prices, costs and timely completion of these contracts. The review also encompasses the cost analysis process whereby both actual costs incurred and future costs to complete are critically examined.

Cost Allocation Method on Long-term Land Development Contracts

Land development costs incurred are capitalised as work-in-progress and allocated to the respective parcels of land based on the relative sales method.

Fulfilment Costs

Significant judgement is required to determine if the contract costs recognised are expected to be recovered. Such judgement includes assessment of any potential risks and factors which may affect customers' ability to take delivery of the construction. The assessment also encompasses the analysis of the industry outlook and customers' financial health.

Information regarding the turnover for continuing operations is included below:

(S$ million)	Note	2023	2022
Revenue from contracts with customers	a	7,035	7,818
Rental income		7	7
		7,042	7,825

There was no revenue from performance obligations satisfied or partially satisfied in previous periods due to change in estimate of the transaction price in 2023 and 2022.

Revenue from Contracts with Customers

a. Disaggregation of Revenue from Contracts with Customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major product / service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Reportable segments					
(S$ million)	Gas and Related Services	Renewables	Integrated Urban Solutions	Decarbon-isation Solutions	Other Businesses and Corporate	Total
2023						
Primary geographical markets						
Singapore	4,485	156	210	16	430	5,297
UK	687	23	–	–	*	710
China	*	160	201	–	–	361
India	–	358	–	–	6	364
Rest of Asia	241	6	*	–	10	257
Middle East	44	–	–	–	–	44
Other countries	–	–	–	–	2	2
Total	**5,457**	**703**	**411**	**16**	**448**	**7,035**
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	4,980	665	–	–	*	5,645
Provision of water products, reclamation of water and industrial wastewater treatment	135	–	187	–	–	322
Solid waste management	*	–	196	–	–	196
Service concession revenue	240	–	14	–	–	254
Construction and engineering related activities	–	–	–	–	409	409
Others	102	38	14	16	39	209
Total	**5,457**	**703**	**411**	**16**	**448**	**7,035**
Timing of revenue recognition						
Over time	5,457	673	399	–	416	6,945
At a point in time	–	30	12	16	32	90
Total	**5,457**	**703**	**411**	**16**	**448**	**7,035**

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

Revenue from Contracts with Customers *(cont'd)*

a. Disaggregation of Revenue from Contracts with Customers *(cont'd)*

(S$ million)	Gas and Related Services	Renewables	Integrated Urban Solutions	Decarbonisation Solutions	Other Businesses and Corporate	Total
	Reportable segments					
2022						
Primary geographical markets						
Singapore	5,187	98	226	3	314	5,828
UK	1,129	35	–	–	1	1,165
China	*	86	208	–	–	294
India	–	277	–	–	–	277
Rest of Asia	189	7	3	–	12	211
Middle East	42	–	–	–	*	42
Other countries	–	–	–	–	1	1
Total	**6,547**	**503**	**437**	**3**	**328**	**7,818**
Major product / service lines						
Provision of energy products and related services (including electricity, gas and steam)	6,122	490	–	–	*	6,612
Provision of water products, reclamation of water and industrial wastewater treatment	146	–	200	–	–	346
Solid waste management	*	–	212	–	–	212
Service concession revenue	189	–	14	–	–	203
Construction and engineering related activities	–	–	–	–	298	298
Others	90	13	11	3	30	147
Total	**6,547**	**503**	**437**	**3**	**328**	**7,818**
Timing of revenue recognition						
Over time	6,547	469	425	–	298	7,739
At a point in time	–	34	12	3	30	79
Total	**6,547**	**503**	**437**	**3**	**328**	**7,818**

i. Service concession revenue included interest revenue of S$58 million (2022: S$63 million).

ii. The lower turnover in FY2023 was mainly from lower gas and power prices under the Gas and Related Services segment, mitigated by the higher turnover from the subsidiaries acquired during FY2022 and FY2023, new capacities added from the Renewables segment as well as higher turnover from the specialised construction business.

b. Transaction Price Allocated to Remaining Performance Obligations

Accounting policies

The Group has elected to apply the practical expedient, in paragraph 121 of SFRS(I) 15, and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at balance sheet date. This is estimated based on the expected progress of the projects or expected energy output. Estimated amounts of considerations which are variable in nature are not included in the table below.

(S$ million)	Note	Within the next 12 months	Between 1 to 5 years	More than 5 years	Total
2023					
Segment					
Gas and Related Services	i	654	2,049	697	3,400
Renewables	ii	–	–	–	–
Integrated Urban Solutions		85	169	140	394
Other Businesses and Corporate		426	865	38	1,329
Total		1,165	3,083	875	5,123
2022					
Segment					
Gas and Related Services	i	942	579	358	1,879
Renewables	ii	–	–	–	–
Integrated Urban Solutions		52	58	30	140
Other Businesses and Corporate		413	866	55	1,334
Total		1,407	1,503	443	3,353

i. The increase in amounts was attributable to new long-term contracts signed with key customers during the year.

ii. The Group does not disclose information about its remaining performance obligations as the Renewables' energy output is variable in nature and the Group has a right to invoice the customers amounts that corresponds directly with its actual energy output.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

c. Assets and Liabilities Related to Contracts with Customers

Contract Assets and Contract Liabilities

The Group and the Company have recognised the following assets and liabilities related to contracts with customers:

(S$ million)	Group 2023	Group 2022	Company 2023	Company 2022
Contract assets	15	29	–	–
Contract liabilities				
Current	171	139	1	2
Non-current	80	69	37	25
Total	251	208	38	27

Contract assets

The contract assets relate to the Group's conditional rights to consideration in the sale of the renewable obligation certificates and the construction of infrastructure. Contract asset is recognised when the value of goods transferred, or services rendered for the contract exceeds payments received from customers. The contract assets are transferred to trade receivables when the rights become unconditional.

Changes in the contract assets balances during the period are as follows:

(S$ million)	Group 2023	Group 2022	Company 2023	Company 2022
Transfer of contract assets recognised at the beginning of the year to trade receivables	(25)	(19)	–	–
Recognition of revenue, net of transfer to trade receivables during the year	10	23	–	–
Currency translation charges	*	(4)	–	–
Cumulative catch-up adjustments arising from:				
– Changes in measurement of progress	*	*	–	–
– Contract modifications	1	1	–	–

Contract liabilities

Contract liabilities refer to payments received from customers that exceed the revenue recognised, which include advance received for connection and capacity charges used for delivery of utilities and revenue is recognised either over time or at a point in time. For revenue recognised over time, the balance at year end will be recognised over the remaining period stipulated in the contracts.

Changes in the contract liabilities balances during the year are as follows:

(S$ million)	Group 2023	Group 2022	Company 2023	Company 2022
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(132)	(108)	(3)	(3)
Increases due to cash received, excluding amounts recognised as revenue during the year	184	147	13	–
Currency translation changes	*	(6)	–	–
Cumulative catch-up adjustments arising from:				
– Changes in measurement of progress	1	(7)	–	–
– Contract modifications	(10)	(13)	–	–

B3. Taxation

This note explains how our Group's tax charge arises. The deferred tax section of the note also provides information on our expected future tax charges and sets out the tax assets held across the Group together with our view on whether we expect to be able to make use of these in future.

a. Tax Expenses

Accounting policies

Tax expense comprises current and deferred tax, using tax rates enacted or substantively enacted at the balance sheet date. Tax expense is recognised in profit or loss except if it relates to (i) business combinations and is recognised in equity or (ii) other items recognised directly in equity or in other comprehensive income.

Current tax is the expected taxable income (payable) or tax loss (recoverable) for the year and includes adjustments to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and for taxation purposes.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised for the following temporary differences:

i. the initial recognition of goodwill;

ii. the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction (a) affects neither accounting nor taxable profit or loss; and (b) does not give rise to equal taxable and deductible temporary differences; and

iii. differences relating to investments in subsidiaries, joint ventures and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax liabilities and assets on a net basis.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets.

New accounting standards and amendments

Deferred tax related to assets and liabilities arising from a single transaction

With effect from January 1, 2023, the Group has adopted Amendments to SFRS(I)1-12: Deferred tax related to Assets and Liabilities arising from a Single Transaction. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences (e.g. leases and restoration liabilities).

The Group had previously recognised deferred tax for leases on an aggregate temporary difference basis. Following the amendments, the Group recognises separately deferred tax asset and deferred tax liability, for the deductible and taxable temporary differences on its lease liabilities and right-of-use assets respectively, see Note B3(c). There was no impact to the opening retained earnings as at January 1, 2022 as a result of the change, and there was also no impact on the statement of financial position as the resulting deferred tax consequences qualify for offsetting.

Amendments to SFRS(I) 1–12: International Tax Reform – Pillar Two Model Rules

In May 2023, the Group applied the relief from deferred tax accounting for Pillar Two global minimum top-up taxes upon the release of the amendments in May 2023. The mandatory exception is effective immediately and applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at December 31, 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

a. Tax Expenses *(cont'd)*

Key estimates and judgements

The Group is subjected to taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for taxes. In determining the amount of current and deferred taxes, the Group considers current understanding and interpretations of existing tax laws and applies judgement as to whether the tax balances will be utilised and / or reversed in foreseeable future. The eventual taxes paid or received may vary, for which the differences will be charged to profit or loss in the period when determination is made.

(S$ million)	Note	Group 2023	Group 2022
Current tax expense			
Current year		192	136
Over provided in prior years	i	(36)	(43)
Foreign withholding tax		12	9
		168	102
Deferred tax expense			
Movements in temporary differences		19	11
(Over) / Under provided in prior years	i	(6)	20
Effect of changes in tax rates	ii	1	5
		14	36
Tax expense on continuing operations		**182**	**138**
Reconciliation of effective tax rate			
Profit from continuing operations		1,048	727
Tax expense		182	138
Share of results of associates and joint ventures, net of tax		(264)	(248)
Profit before tax and share of results of associates and joint ventures from continuing operations		966	617
Tax using Singapore tax rate of 17% (2022: 17%)		164	105
Effect of changes in tax rates		1	5
Effect of different tax rates in foreign jurisdictions		10	11
Tax incentives and income not subject to tax		(26)	(21)
Expenses not deductible for tax purposes		42	53
Utilisation of deferred tax benefits not previously recognised		(4)	(6)
Over provided in prior years		(42)	(23)
Deferred tax benefits not recognised		10	13
Foreign withholding tax		12	9
Deferred tax on unremitted dividend income		2	1
Others		13	(9)
Tax expense on continuing operations		**182**	**138**

i. The over-provision of the current tax was mainly related to tax optimisation through Group Tax Relief and write-back of tax provisions including those time-barred.

ii. Related to the enactment of UK corporation tax rate from 19% to 25%, which will take effect from 2023.

b. International Tax Reform – Pillar Two

Out of all the tax jurisdictions the Group operates in, four have enacted or substantively enacted new legislation to implement the global minimum top-up tax. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as current tax when it is incurred. The new legislations in the four tax jurisdictions are effective from January 1, 2024 and January 1, 2025 as follows:

Tax jurisdictions	Effective Date
Netherlands, UK, and Vietnam	January 1, 2024
Malaysia	January 1, 2025

There is no current tax impact in the period ended December 31, 2023.

If these new legislations had applied in 2023, there would not be any global minimum top-up tax expected in each of the above tax jurisdictions for the year ended December 31, 2023.

c. Deferred Tax Assets and Liabilities

As at December 31, 2023, after applying the legal right to offset, deferred tax assets were S$66 million (2022: S$52 million) and deferred tax liabilities were S$598 million (2022: S$492 million).

Following the Amendment to SFRS(I)1-12: Deferred tax related to Assets and Liabilities arising from a single transaction, the Group restated the associated deferred tax assets and liabilities from January 1, 2022.

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

	Group					
(S$ million)	At January 1 Restated	Recognised in profit or loss – continuing operations (Note (a))	Recognised in equity (Note (d))	Acquisition of subsidiaries (Note G5)	Translation adjustments	At December 31
2023						
Deferred tax liabilities						
Property, plant and equipment	475	57	–	55	(3)	584
Right-of-use assets	32	4	–	4	*	40
Other financial assets	46	(2)	(11)	7	*	40
Trade and other receivables	33	(10)	–	–	–	23
Intangible assets	112	(6)	–	67	(3)	170
Retirement benefit obligations	6	*	*	–	*	6
Other items	11	(1)	(3)	–	1	8
Total	715	42	(14)	133	(5)	871
Deferred tax assets						
Property, plant and equipment	(79)	*	–	–	*	(79)
Right-of-use assets	–	*	–	(2)	*	(2)
Inventories	(2)	2	–	–	*	*
Trade receivables	(4)	1	–	(4)	*	(7)
Trade and other payables	(11)	(5)	–	–	*	(16)
Tax losses	(64)	(11)	–	(37)	2	(110)
Provisions	(42)	(10)	–	–	3	(49)
Lease liabilities	(33)	(4)	–	–	*	(37)
Other financial liabilities	(24)	(1)	1	–	*	(24)
Other items	(16)	*	–	–	1	(15)
Total	(275)	(28)	1	(43)	6	(339)

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

c. Deferred Tax Assets and Liabilities *(cont'd)*

(S$ million)	Group							
	At January 1 Restated	Recognised in profit or loss – continuing operations (Note (a)) Restated	Recognised in profit or loss – discontinued operation (Note G6)	Recognised in equity (Note (d))	Acquisition of subsidiaries (Note G5)	Transfer to held for sale (Note G6)	Translation Adjustments	At December 31 Restated
2022								
Deferred tax liabilities								
Property, plant and equipment	456	65	289	–	–	(281)	(54)	475
Right-of-use assets	28	4	–	–	–	–	–	32
Other financial assets	43	(6)	–	3	7	–	(1)	46
Trade and other receivables	32	1	–	–	–	–	–	33
Intangible assets	28	1	–	–	97	(6)	(8)	112
Retirement benefit obligations	6	*	(4)	*	–	4	*	6
Other items	18	(5)	1	(1)	–	(1)	(1)	11
Total	611	60	286	2	104	(284)	(64)	715
Deferred tax assets								
Property, plant and equipment	(79)	*	–	–	–	–	*	(79)
Inventories	(2)	*	–	–	–	–	–	(2)
Trade receivables	(4)	(1)	(5)	–	–	5	1	(4)
Trade and other payables	(13)	1	–	*	–	–	1	(11)
Tax losses	(69)	(8)	(247)	–	*	228	32	(64)
Provisions	(28)	(15)	(1)	–	–	1	1	(42)
Lease liabilities	(29)	(4)	–	–	–	–	–	(33)
Other financial liabilities	(12)	*	*	(13)	–	*	1	(24)
Other items	(21)	3	*	–	–	*	2	(16)
Total	(257)	(24)	(253)	(13)	*	234	38	(275)

(S$ million)	Company					
	At January 1, 2022 Restated	Recognised in profit or loss Restated	At December 31, 2022 Restated	Recognised in profit or loss	Recognised in equity	At December 31, 2023
Deferred tax liabilities						
Property, plant and equipment	35	(1)	34	(2)	–	32
Right-of-use assets	15	*	15	(1)	–	14
Other financial assets	–	–	–	–	*	*
Other Items	–	–	–	*	–	*
Total	50	(1)	49	(3)	*	46
Deferred tax assets						
Lease liabilities	(19)	*	(19)	1	–	(18)
Provisions	(6)	1	(5)	(3)	–	(8)
Total	(25)	1	(24)	(2)	–	(26)

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

c. Deferred Tax Assets and Liabilities *(cont'd)*

The deferred tax liabilities and assets amounts determined after appropriate offsetting included in the balance sheet are as follows:

	Group		Company	
(S$ million)	December 31, 2023	December 31, 2022 Restated	December 31, 2023	December 31, 2022 Restated
Deferred tax liabilities	598	492	20	25
Deferred tax assets	(66)	(52)	–	–
	532	440	20	25

Unrecognised deferred tax liabilities

As at December 31, 2023, a deferred tax liability of S$3 million (2022: S$3 million) for potential taxable temporary differences arising from undistributed retained earnings related to investment in subsidiaries and joint ventures was not recognised.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised where:

i. they qualify for offset against the tax liabilities of member companies within the Group under the Loss Transfer System of Group Relief, but the terms of the transfer have not been ascertained as at year end; or

ii. it is uncertain that future taxable profit will be available against which the Group entities can utilise the benefits.

The deferred tax assets that have not been recognised, which are available to be set off against future taxable income subject to the tax provisions and agreement by the relevant tax authorities of the various jurisdictions, are disclosed below:

	Group	
(S$ million)	December 31, 2023	December 31, 2022
Deductible temporary differences	55	51
Tax losses	74	57
Capital allowances	39	54
	168	162

Tax losses of the Group amounting to S$45 million (2022: S$45 million) will predominantly expire between 2025 and 2028 (2022: 2023 and 2027). The remaining tax losses, capital allowances and deductible temporary differences do not expire under current tax legislation.

The unrecognised tax losses are reported to the extent that the taxable temporary differences arising from deferred tax liabilities have been set off against the unused tax losses. There were no unrecognised tax losses for 2023 and 2022.

d. Other Comprehensive Income

There is no income tax relating to each component of other comprehensive income, except as tabled below:

	Group					
	2023			2022		
(S$ million)	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Cash flow hedges: net movement in hedging reserves	(58)	11	(47)	(23)	9	(14)
Defined benefit plan actuarial gains and losses	(11)	2	(9)	(7)	2	(5)
	(69)	13	(56)	(30)	11	(19)

B4. Profit for the Year

Accounting policies

Dividend Income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

Grant Income

Government grants relating to asset are credited to a deferred asset grant account at fair value when there is reasonable assurance that the grants will be received and the Group will comply with the conditions attached. These grants are then recognised in profit or loss as other operating income on a straight-line basis over the estimated useful lives of the relevant assets.

Non-monetary government grants and assets received are valued at fair value or nominal amounts.

Grants that compensate the Group for expenses already incurred are recognised in profit or loss as other operating income on a systematic basis in the same periods in which the expenses are recognised.

The following items have been included in arriving at profit for the year:

		Group	
(S$ million)	Note	2023	2022
a. Expenses			
Materials	i	3,952	5,496
Staff costs:			
– salaries, bonuses and other personnel related costs		455	436
– contributions to defined contribution plan		38	34
– equity-settled share-based payments	B6	29	25
– cash-settled share-based payments	B6	–	*
– contributions to defined benefit plan		1	1
Depreciation:			
– property, plant and equipment	D1	408	340
– investment properties	D2	4	4
Sub-contract cost		408	294
Repair and maintenance		133	102
Write-back of provision for remediation of legacy sites	H2	(2)	(3)
Amortisation of intangible assets	D3	42	28
Allowance for impairment losses (net):			
– receivables and contract assets	F4	20	108
– property, plant and equipment	D1	4	22
Property, plant and equipment written off		8	8
(Write-back of) / allowance for inventory obsolescence, net	E2	(7)	*
Audit fees paid / payable to:			
– auditors of the Company		2	2
– other member firms of KPMG International		2	2
– other auditors		1	1
Non-audit fees paid / payable to:			
– auditors of the Company		*	*
– other member firms of KPMG International		*	*
– other auditors		1	*
Intangible assets written off	D3	*	*
Bad debts written off		*	1

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B4. Profit for the Year *(cont'd)*

(S$ million)	Note	Group 2023	2022
b. Other operating income			
Net change in fair value of financial assets at FVTPL (mandatorily measured)	ii	1	61
Grants received (income related)		6	6
Gain on disposal of property, plant and equipment		*	1
Other income	iii	36	88
Net exchange (loss) / gain		(7)	14
c. Non-operating income / (expenses)			
DPN income	iv	133	–
Gain on disposal of:			
– other financial assets		5	3
– associate		5	2
– subsidiaries		–	*
Net change in fair value of financial assets at FVTPL (designated on initial recognition)		(5)	(4)
Gross dividend income from financial assets at FVOCI		2	2
Impairment and write-off of:			
– joint venture	G3biii	–	(2)
– other investments	v	–	(8)

i. The decrease in materials costs was mainly due to lower gas and power costs from the Gas and Related Services segment in Singapore and the United Kingdom (UK), in line with lower turnover.

ii. 2022 amount included changes in fair value from the economic hedges used for managing the Group's gas costs, net of gains from the unwinding of hedges no longer required following the cancellation of a commitment.

iii. Other income in 2023 mainly included corporate guarantee fee income, late payment fees income and insurance compensation. In 2022, other income included the following: (i) a S$23 million termination fee from the favourable outcome of an arbitration in China, (ii) late payment fees of approximately S$21 million recognised with the implementation of the equated monthly instalment by the power distribution companies in India and (iii) a cancellation fee of S$12 million received from a supplier in Singapore.

iv. DPN income represents the change in fair value of the DPN which included income of S$179 million, net of foreign exchange loss of S$46 million. There are no other fair value adjustments in 2023.

v. Amount in 2022 mainly related to an investment in Vietnam for project expenses incurred by the company.

vi. The cost of compliance under Singapore's carbon tax, UK Emissions Trading Scheme (UK ETS) and UK Carbon Price Support (CPS) mechanism amounted to S$52 million (2022: S$99 million).

B5. Earnings Per Share

(S$ million)	Group 2023	2022
a. Profit attributable to owners of the Company:		
Continuing operations:		
Profit attributable to equity holders of the Company	1,020	704
Discontinued operation:		
(Loss) / Profit from discontinued operation, net of tax attributable to owners of the Company	(78)	144
Profit for the year attributable to owners of the Company	**942**	**848**
b. Weighted average number of ordinary shares (in millions)		
Issued ordinary shares at January 1	1,777	1,780
Effect of performance shares and restricted shares released	13	4
Effect of own shares held	(7)	(2)
Weighted average number of ordinary shares	**1,783**	**1,782**
Adjustment for dilutive potential ordinary shares		
– performance shares	26	35
– restricted shares	3	4
Weighted average number of ordinary shares adjusted for all dilutive potential shares	**1,812**	**1,821**
c. Earnings per ordinary share (cents)		
– basic[1]	52.83	47.59
– diluted[2]	51.99	46.57
Earnings per ordinary share (cents) – Continuing operations		
– basic[1]	57.21	39.51
– diluted[2]	56.29	38.66

[1] Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

[2] Diluted earnings per ordinary share is calculated by dividing the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: performance shares and restricted shares.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B6. Share-based Incentive Plans

This section sets out details of the Group's share-based remuneration arrangements, including details of the Company's PSP and RSP, collectively known as Share Plans. The Company's 2020 Share Plans was approved and adopted by the shareholders at an Annual General Meeting of the Company held on May 21, 2020.

Accounting policies

Equity settled share-based incentive plan

The fair value of the compensation cost is charged to the profit or loss with a corresponding increase directly in equity. The fair value is measured at grant date and amortised over the service period to which the performance criteria relates and during which the employees become unconditionally entitled to the shares.

For awards granted with market-based performance conditions, market-based performance conditions are taken into account in estimating the fair value. For awards granted with non-market-based performance conditions, the compensation cost is estimated on a basis that the amount fairly reflects the manner in which the benefits will accrue to the employee over the service period to which the performance period relates.

At the balance sheet date, the Group revises its estimates of the number of performance-based shares that the employees are expected to receive based on the achievement of non-market performance conditions and the number of shares ultimately given. It recognises the impact of the revision of the original estimates in employee expense, with a corresponding adjustment to equity over the remaining vesting period.

The share-based payments reserve relating to the performance shares released is transferred to share capital when new shares are issued. When treasury shares are issued, the cost of treasury shares is transferred to share-based payments reserve.

In the Company's separate financial statements, the fair value of performance shares and restricted shares granted to employees of its subsidiaries is recognised as an increase in the cost of the Company's investment in subsidiaries, with a corresponding increase in equity over the vesting period.

Cash settled share-based incentive plan

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the share price of the Company. The Group recognises a provision when contractually obliged to pay or where there is a past practice that has created a constructive obligation to pay. The liability takes into account the performance achieved for the year and the probability of achieving the performance conditions in the future.

Until the liability is settled, the Group will re-measure the fair value of the liability at each balance sheet date and at the date of settlement with any changes in fair value recognised in profit or loss for the period.

Key estimates and judgements

The fair value of equity-related compensation is measured using the Monte Carlo simulation method as at the date of the grant. The method involves projecting future outcomes using statistical distributions of key random variables including the share prices and volatility of returns. This model takes into account the probability of achieving the performance conditions in the future.

The table below shows share-based expense that was recognised during the year.

(S$ million)	2023	2022
Equity-settled share-based	29	25
Cash-settled share-based	–	*

a. Equity-settled share-based incentive

Performance Share Plan (PSP)

One of the primary objectives of the SCI PSP 2020 is to further motivate key senior management, who has the responsibility and are able to drive the growth of the Company, to strive for superior performance and to deliver long-term shareholder value.

Awards granted under the SCI PSP 2020 are performance-based. Performance targets set under the SCI PSP 2020 are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets aimed at sustaining long-term growth.

The ERCC grants an initial number of shares (initial award) which are conditional on targets set for a performance period. A specified number of shares will only be released by the ERCC to the participants at the end of the qualifying performance period, provided the threshold targets are achieved. The final number of shares to be released will depend on the achievement of pre-determined targets over the performance period. No share will be released if the threshold targets are not met at the end of the performance period. On the other hand, if superior targets are met, more shares than the baseline award could be delivered. The ERCC has the discretion to adjust the number of shares released taking into consideration other relevant quantitative and qualitative factors.

For grants made in 2023, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

3-Year PSP Performance Conditions	Final Number of Shares to be Released
1. Absolute Total Shareholders' Return (ATSR)	0% to 200% of initial grant
2. Relative Total Shareholders' Return (RTSR)	
3. Gross Renewable Energy Capacity	

5-Year PSP-TI Performance Conditions	Final Number of Shares to be Released
1. Gross Installed Renewable Energy Capacity	0% to 140% of initial grant
2. Sustainable Solutions' Profit	
3. Sustainable Land Banking and Land Sales	
4. Greenhouse Gas Emission Intensity Reduction	

Restricted Share Plan (RSP)

The number of the restricted share awards granted was based on the achievement of stretched financial and non-financial targets for the preceding financial year, with emphasis on organisational transformation to meet future challenges and adherence to environment, health and safety standards.

For the grant awarded in 2023, a third of the SCI RSP awards granted will vest immediately with the remaining two-thirds of the awards vesting over the following two years in equal tranches.

To align the interests of the non-executive directors with the interests of shareholders, 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 under the SCI RSP 2020. Non-executive directors were not awarded any shares except as part of their directors' fees (except for Wong Kim Yin, who is the Group President & CEO, and who does not receive any directors' fees). The awards granted comprised fully paid shares outright with no performance and vesting conditions attached, but with a selling moratorium. Non-executive directors are required to hold shares (including shares obtained by other means) worth the value of their annual base retainer; any excess may be sold as desired, subject to SGX-ST listing rules. A non-executive director may only dispose of all of his shares one year after leaving the board.

The actual number of shares awarded to each non-executive director will be determined by reference to the volume-weighted average price of a share on the Singapore Exchange (SGX) over the 14 trading days from (and including) the day on which the shares are first quoted ex-dividend after the Annual General Meeting (AGM) (or, if the resolution to approve the final dividend is not approved, 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. A non-executive director who steps down before the payment of the share component will receive all of his director's fees for the year (calculated on a pro-rated basis, where applicable) in cash.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B6. Share-based Incentive Plans *(cont'd)*

a. Equity-settled share-based incentive *(cont'd)*

Restricted Share Plan (RSP) *(cont'd)*

Movement in the number of shares under the Company's PSP and RSP are as follows:

	2023		2022	
	PSP	RSP	PSP	RSP
At January 1	22,711,791	4,072,047	14,297,428	6,307,724
Shares awarded	2,501,600	3,449,525	12,103,400	2,931,594
Shares released	(11,508,600)	(4,449,145)	(1,076,800)	(4,904,932)
Shares lapsed	(1,849,415)	(8,738)	(505,994)	(262,339)
Performance shares awarded due to achievement of targets / (lapsed arising from targets not met)	4,552,470	–	(2,106,243)	–
At December 31	16,407,846	3,063,689	22,711,791	4,072,047

SCI PSP

PSP awards granted have both market-based and non-market-based performance conditions. The Committee reviews achievement of the performance targets annually. In 2023, 4,552,470 performance shares were awarded due to achievement of targets for the performance period 2020 to 2022. In 2022, 2,106,243 performance shares lapsed for under-achievement of the performance targets for the performance period 2019 to 2021.

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

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

SCI RSP

Of the restricted shares released, 165,280 (2022: 262,954) restricted shares were cash-settled. The remaining restricted shares were released via the issuance of treasury shares.

The total number of restricted shares outstanding, including award(s) achieved but not released, as at December 31, 2023, was 3,063,689 (2022: 4,072,047). The RSP balances represent 100% of targets achieved, but not released subject to individual performance and fulfilment of service conditions at vesting. The actual release of the awards is a maximum of 3,063,689 (2022: 4,072,047) restricted shares.

Awards for the performance and corporate objectives achieved in 2023 will be granted in 2024 (2022: achieved in 2022 will be granted in 2023).

The fair values of the performance and restricted shares are estimated using a Monte Carlo simulation methodology at the grant dates.

	PSP Date of Grant		
	June 7, 2023	May 31, 2022	May 31, 2022
Fair value at measurement date	S$6.69	S$2.52[1]	S$3.60[1]
Assumptions under the Monte Carlo model			
Share price	S$5.31	S$2.85	S$2.85
Expected volatility	35.1%	1.7% – 36.1%	36.7%
Risk-free interest rate	2.9%	1.8% – 2.6%	2.2%
Expected dividend	2.9%	3.2%	3.2%

[1] Fair value computed based on different performance periods.

	RSP Date of Grant		
	April 3, 2023	March 31, 2022	April 1, 2022
Fair value at measurement date	S$4.27	S$2.58	S$2.58
Assumptions under the Monte Carlo model			
Share price	S$4.37	S$2.67	S$2.67
Expected volatility	25.6%	36.4%	36.4%
Risk-free interest rate	3.1%	1.9%	1.9%
Expected dividend	2.4%	3.4%	3.4%

Notes to the Financial Statements

C. Our Funding

In 2023, the Group has issued S$350 million green bond and established an additional S$5.0 billion Euro Medium Term Note (EMTN) Programme as part of the strategy to diversify and optimise funding base.

As at December 31, 2023, the Group's total credit facilities, including its Multicurrency Debt Issuance Programmes and Euro Medium Term Note (EMTN) Programme, amounted to S$17.0 billion (2022: S$13.4 billion). This comprised borrowing facilities of S$15.5 billion (2022: S$12.0 billion) and trade-related facilities of S$1.5 billion (2022: S$1.4 billion), including but not limited to bank guarantees, letters of credit, bid bonds and performance bonds. Please refer to Note C5 for further details.

Equity value as at December 31, 2023 is enhanced by the strong performance for the year offset by the negative change in foreign currency translation reserve due to the depreciation of India Rupee and Renminbi against Singapore Dollar.

C1. Capital Structure

Capital management

The Group maintains a disciplined approach to capital management. The Group seeks to optimise the overall portfolio, maintain investor, creditor and market confidence, fund future developments and growth, while at the same time maintain an appropriate dividend policy.

The Group's policy is to borrow centrally using a mixture of long-term and short-term capital market issues and borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain Group entities.

Capital is defined as equity attributable to the equity holders.

The Group's net debt-to-capitalisation ratio as at the balance sheet date was as follows:

		Group	
(S$ million)	Note	2023	2022
Net debt		6,487	5,816
Cash and cash equivalents	E4	767	1,254
Gross debt	C5, i	7,254	7,070
Total equity		4,872	4,216
Total gross debt and equity		12,126	11,286
Net debt-to-capitalisation ratio		0.53	0.52

i. As at December 31, 2022, SEIL's borrowing of S$1,172 million was presented under liabilities held for sale (see Note G6). Including SEIL's borrowing, the Group's total borrowing was S$8,242 million. The sale of SEIL was completed on January 19, 2023.

There were no changes in the Group's approach to capital management during the year except as disclosed above.

Some of the Group entities are required to maintain a certain ratio of net borrowings to net assets and level of leverage under their respective loan arrangements with banks. These externally imposed capital requirements have been complied with as at the respective balance sheet dates.

C2. Share Capital and Treasury Shares

Accounting policies

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares and share options are deducted against the share capital account, net of any tax effects.

Repurchase, disposal and re-issue of share capital (treasury shares)

When the ordinary shares are reacquired by the Company, the consideration paid is recognised as deduction from equity, presented as reserve for own shares (Note C3). Reacquired shares are classified as treasury shares.

When the treasury shares are subsequently sold or re-issued, the cost of the treasury shares is reversed from reserve for own shares account and the realised gain or loss on the transaction is presented as a change in equity of the Company. No gain or loss is recognised in profit or loss.

	Number of shares	
	Issued Share Capital	Treasury Shares
At January 1, 2022	1,787,547,732	7,515,526
Treasury shares purchased	–	8,947,300
Treasury shares transferred pursuant to performance share plan	–	(1,056,900)
Treasury shares transferred pursuant to restricted share plan	–	(4,641,978)
At December 31, 2022	1,787,547,732	10,763,948
Treasury shares purchased	–	13,318,500
Treasury shares transferred pursuant to performance share plan	–	(11,508,600)
Treasury shares transferred pursuant to restricted share plan	–	(4,283,865)
At December 31, 2023	1,787,547,732	8,289,983

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Issued and paid up capital

As at December 31, 2023, the Company's issued and paid up capital excluding treasury shares comprised 1,779,257,749 (2022: 1,776,783,784) ordinary shares.

Treasury shares

During the year, the Company acquired 13,318,500 (2022: 8,947,300) ordinary shares in the Company by way of on-market purchases. A total of 15,792,465 (2022: 5,698,878) treasury shares were re-issued pursuant to the Performance Share Plan (PSP) and Restricted Share Plan (RSP).

As at December 31, 2023, the Company held 8,289,983 (2022: 10,763,948) of its own uncancelled shares as treasury shares that may be re-issued upon the vesting of performance shares and restricted shares under the PSP and RSP respectively.

C. Our Funding *(cont'd)*

C3. Other Reserves

(S$ million)	Note	Group December 31, 2023	Group December 31, 2022	Company December 31, 2023	Company December 31, 2022
Distributable					
Reserve for own shares		(40)	(31)	(40)	(31)
Non-distributable					
Foreign currency translation reserve (FCTR)	a	(672)	(957)	–	–
Capital reserve	b	(93)	176	–	–
Merger reserve	c	29	29	–	–
Share-based payments reserve	d	(9)	11	(4)	19
Fair value reserve	e	36	40	–	–
Hedging reserve	f	45	93	1	–
		(664)	(608)	(3)	19
Total		(704)	(639)	(43)	(12)

During the year, S$423 million loss in FCTR and S$290 million gain in capital reserve and other reserves were realised through profit or loss upon disposal of SEIL (Note G6).

Type of other reserve	Nature
a. Foreign currency translation reserve (FCTR)	Comprises: i. foreign exchange differences arising from translation of the financial statements of foreign entities, ii. effective portion of the hedging instrument which is used to hedge against the Group's net investment in foreign entities, and iii. translation of foreign currency loan used to hedge or form part of the Group's net investments in foreign entities.
b. Capital reserve	Comprises: i. acquisitions and disposals with non-controlling interests that do not result in a change of control, capitalisation of accumulated profits for the issue of bonus shares, capital reserve (net of goodwill) on consolidation and equity accounting, ii. asset revaluation reserve, capital redemption reserve, convertible loan stock reserve, iii. transfer from revenue reserve in accordance with the regulations of the foreign jurisdiction in which the Group's subsidiaries, associates and joint ventures operate, and treasury shares of a subsidiary, and iv. recognition of call options issued to non-controlling interests of subsidiaries.
c. Merger reserve	The difference between the values of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries accounted for under the pooling-of-interest method.
d. Share-based payments reserve	Represents the cumulative value of services received from employees recorded on grant of equity-settled share options, performance shares and performance-based restricted shares.
e. Fair value reserve	Includes the cumulative net change in the fair value of equity investments designated at FVOCI until the investments are derecognised. This does not include impairment losses recognised in profit or loss prior to January 1, 2018.
f. Hedging reserve	The effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

C4. Dividends

Accounting policies

Dividends

Dividends on ordinary shares are recognised when they are approved for payments. Dividends on ordinary shares and redeemable preference shares classified as equity are accounted for as movements in revenue reserve.

A liability to distribute non-cash assets as dividend to its owners is measured at the fair value of the assets to be distributed. The differences between the carrying amount of the assets distributed and the carrying amount of the dividend payable is recognised in profit or loss.

Dividend Paid / Payable

(S$ million)	Group and Company 2023	Group and Company 2022
Interim one-tier tax-exempt dividend of 5 cents per share in respect of year 2023 (2022: 4 cents per share in respect of year 2022)	89	71
Final one-tier tax-exempt dividend of 4 cents per share in respect of year 2022 (2022: 3 cents per share in respect of year 2021)	71	54
Special dividend of 4 cents per share in respect of year 2022	71	–
	231	125

Subject to the approval by the shareholders at the next Annual General Meeting, the directors have proposed a final ordinary one-tier tax exempt dividend of 8 cents per share (2022: 4 cents per share) and a special dividend of nil (2022: 4 cents) per share. This amounts to an estimated net dividend of S$142 million (2022: S$142 million) in respect of the year ended December 31, 2023, based on the number of issued shares as at December 31, 2023.

The total proposed dividend of 8 cents per share (2022: 8 cents per share) has not been included as a liability in the financial statements.

C5. Loans and Borrowings

(S$ million)	Note	Group December 31, 2023	Group December 31, 2022
Current liabilities			
Non-convertible debentures		171	139
Secured term loans	a	122	122
Unsecured term loans	b	988	835
Total		1,281	1,096
Non-current liabilities			
Secured term loans	a	1,618	1,717
Unsecured term loans	b	4,355	4,257
Total		5,973	5,974
Total loans and borrowings (measured at amortised cost)		**7,254**	**7,070**

Included in loans and borrowings were S$480 million (2022: S$546 million) of loans taken with a related corporation.

C. Our Funding *(cont'd)*

C5. Loans and Borrowings *(cont'd)*

Effective Interest Rates and Maturity of Liabilities

	Group Effective interest rate % 2023	2022
Floating rate loans	1.05–10.58	1.05–10.58
Fixed rate loans	0.77–10.48	0.77–11.48
Bonds and notes	2.45–4.60	2.45–4.25
Debentures	6.49	9.15

(S$ million)	Group 2023	2022
In one year or less, or on demand	1,281	1,096
Between one to five years	3,180	3,593
After five years	2,793	2,381
Total loans and borrowings (measured at amortised cost)	7,254	7,070

a. Secured Term Loans

The secured term loans are collaterised by the following assets:

(S$ million)	Note	Group Net Book Value December 31, 2023	December 31, 2022
Property, plant and equipment	D1i	1,325	1,971
Mutual funds	H1ii	19	35
Trade and other receivables	E1	409	839
Intangible assets	D3	*	*
Inventories	E2	26	25
Cash and cash equivalents	E4	84	156
Equity shares of a subsidiary		32	33

b. Unsecured Term Loans

Included in the unsecured term loans of the Group are medium-term notes which the Company has jointly established with Sembcorp Financial Services Pte Ltd (SFS), a wholly-owned subsidiary of the Company via the S$2.5 billion and S$3.0 billion Multicurrency Debt Issuance Programmes (the Programme). Under the Programme, the Company, together with SFS and certain other Group entities (the Issuing Subsidiaries), may from time-to-time issue Notes and Securities under the Programme subject to availability of funds from the market. The obligations of the Issuing Subsidiaries under the Programme are fully guaranteed by the Company.

As at December 31, 2023 and December 31, 2022, the Group has the following outstanding medium-term notes issued under the Programme:

(S$ million)	Nominal interest rate	Year of issue	Year of maturity	Principal amount December 31, 2023	December 31, 2022
S$ medium-term notes	4.25%	2010	2025	100	100
S$ medium-term notes	3.64%	2013	2024	200	200
S$ medium-term notes	3.59%	2014	2026	150	150
Green bonds					
S$ medium-term notes	2.45%	2021	2031	400	400
S$ medium-term notes	4.60%	2023	2030	350	–
Sustainability-linked notes					
S$ medium-term notes	2.66%	2021	2032	675	675
S$ medium-term notes	3.74%	2022	2029	300	300
				2,175	1,825

In 2023, the Group has issued S$350 million green bond and as at December 31, 2023, S$750 million, representing 100% of the total S$750 million green bonds issued has been deployed to eligible green projects under the Sembcorp Green Financing Framework that meet Climate Bonds Initiative sector-specific technical criteria.

In 2022, the Group issued S$300 million sustainability-linked bond and secured an additional S$1.8 billion of sustainability-linked revolving credit and term loan facilities through SFS.

The Group expects its interest cost for the sustainability-linked notes to maintain as disclosed as the Group is on track to achieve its 2025 target* for gross installed capacity and carbon emissions intensity. At December 31, 2023, the Group's renewable assets' gross installed capacity was at 9.4GW, compared to the target of 10GW, and has reduced its carbon emission to an indicative level of 0.29 tonnes of carbon dioxide emission per megawatt-hour (tCO_2e/MWh), ahead of the target of 0.40 tCO_2e/MWh.

As at December 31, 2023, an amount of S$554 million (2022: S$489 million) medium-term notes were held by a related corporation.

* 2025 targets were set in May 2021

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C5. Loans and Borrowings *(cont'd)*

c. Financial guarantees

Accounting policies

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs in accordance with the original or modified terms of a debt instrument. These financial guarantee contracts are accounted for as insurance contracts. With the transition of SFRS(I) 4 on Insurance Contract to SFRS(I) 17, the Group has elected to apply SFRS(I) 9, on a contract-by-contract basis, to account for its financial guarantees issued.

At inception, the Group recognises the financial guarantee at its fair value. Subsequently, it is measured at the higher of (i) amount initially recognised less the cumulative amount of income recognised in accordance with SFRS(I) 15; and (ii) the amount of expected loss allowance in accordance with SFRS(I) 9. Where there are any premium receivables at inception, the Group adopts a net approach, recognising a single net amount, to account for its financial guarantee contracts and premium receivables.

Liabilities arising from financial guarantees contracts are included within "loans and borrowings".

Key estimates and judgements

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Significant judgements are used in estimating the loss allowance of the Group's and Company's obligations under the financial guaranteed contracts which may be affected by future events that cannot be predicted with certainty. These assumptions made may vary from actual experience and consequently the actual liability may also vary considerably from the best estimates.

Group

The Group has provided guarantees to banks to secure banking facilities provided to joint ventures. There are no terms and conditions attached to the guaranteed contracts that would have a material effect on the amount, timing and uncertainty of the Group's and Company's future cash flows.

The Group, prior to the disposal of its subsidiary, SEIL, had extended corporate guarantees in favour of some of its lenders. To facilitate SEIL in obtaining its lenders' consent for the change in its shareholders, these corporate guarantees amounting to S$1,305 million are extended at a fee pegged to market, post divestment. The fair value of the financial guarantee contract is determined using the interest rate differential approach. As such, the guarantee fees receivable approximate the financial guarantee liability. The guarantee fees are payable quarterly in arrears. Applying the net approach, the fair value of the financial guarantee contract is negligible.

For other financial guarantees given, the Group determines the fair value of those financial guarantees using the discounted cash flow approach. The Group believes the joint venture has sufficient resources to fulfil its obligations and the Group does not consider it probable that a claim will be made against the Group under the guarantee. As such, the fair values of these financial guarantee contracts are negligible.

The details of the financial guarantees given at balance sheet date were:

	Group	
(S$ million)	December 31, 2023	December 31, 2022
Guarantees given to banks to secure banking facilities provided to:		
– Joint ventures	49	25
– SEIL	1,305	–
– Others	1	*
	1,355	25

The periods in which the financial guarantees expire are as follows:

	Group	
(S$ million)	December 31, 2023	December 31, 2022
Less than 1 year	318	25
Between 1 to 5 years	503	*
More than 5 years	534	–
	1,355	25

Company

The Company has provided guarantees to banks to secure banking facilities provided to a wholly-owned subsidiary, Sembcorp Financial Services Pte Ltd. The intra-group financial guarantees granted by the Company amount to S$11,686 million (2022: S$8,831 million), with S$3,732 million (2022: S$4,139 million) drawn down as at balance sheet date. The Company uses the interest rate differential approach to determine the fair value of these financial guarantees and has deemed them to be not material. The periods in which the financial guarantees expire are as follows:

	Company	
(S$ million)	December 31, 2023	December 31, 2022
Less than 1 year	376	800
Between 1 to 5 years	1,430	1,963
More than 5 years	1,926	1,376
	3,732	4,139

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C5. Loans and Borrowings *(cont'd)*

c. Financial guarantees *(cont'd)*

Company *(cont'd)*

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2023				2022			
(S$ million)	Accrued interest payable (Note E3)	Loans and borrowings (Note C5)	Lease liabilities (Note D1.1)	Total	Accrued interest payable (Note E3)	Loans and borrowings (Note C5)	Lease liabilities (Note D1.1)	Total
Balance at January 1	29	7,070	287	7,386	15	7,391	258	7,664
Cash flows								
Cash payments	–	(4,450)	(21)	(4,471)	–	(3,544)	(23)	(3,567)
Cash proceeds	–	4,034	–	4,034	–	3,854	–	3,854
Interest paid	(345)	–	(11)	(356)	(242)	–	(10)	(252)
Non-cash items								
Acquisition of subsidiaries	–	616	11	627	1	881	11	893
Transfer to liabilities held for sale	–	–	–	–	–	(1,265)	*	(1,265)
Interest expenses, including amortisation of capitalised transaction costs	347	45	11	403	255	33	10	298
New leases	–	–	30	30	–	–	45	45
Write-off of lease liabilities	–	–	–	–	–	–	*	*
Remeasurement of lease liabilities / Adjustment to upfront fees	–	–	2	2	–	–	5	5
Foreign exchange movement	1	(61)	1	(59)	*	(280)	(9)	(289)
	348	600	55	1,003	256	(631)	62	(313)
Balance at December 31	32	7,254	310	7,596	29	7,070	287	7,386

C6. Net Interest Expense

Accounting policies

Finance income is recognised in profit or loss as it accrues, using the effective interest method. It includes interest income from non-current receivables.

Finance costs include interest expense on borrowings and lease liabilities, unwinding of discounts on provision, amortisation of capitalised transaction costs, transaction costs written off and termination of interest rate swaps. Finance costs are expensed in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset.

In calculating the interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the impaired financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to gross basis.

		Group	
(S$ million)	Note	2023	2022
Finance income			
Finance income from financial assets measured at amortised cost			
– associates and joint ventures		5	6
– bank and others		52	31
Significant financing component from contracts with customers		*	–
		57	37
Finance costs			
Interest paid and payable to, measured at amortised cost			
– banks and others		384	280
Amortisation of capitalised transaction costs		12	13
Unwind of accretion on restoration costs	H2	2	2
Significant financing component from contracts with customers		4	3
Interest rate swaps:			
– changes in fair value through profit or loss		*	*
– ineffective portion of changes in fair value		(4)	2
Interest expense on amortisation of lease liabilities	D1.1	11	10
		409	310

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C7. Contingent Liabilities

Key estimates and judgements

A contingent liability is:

i. a potential obligation arising from past events, which will only be confirmed by the occurrence (or non-occurrence) of one or more uncertain future events that are not completely within the Group's control, or

ii. a present obligation arising from past events that is not recognised in the financial statements because an outflow of resources representing economic benefits is unlikely to be necessary to extinguish the obligation, or because the amount of the obligation cannot be measured reliably.

Group

In 2023, the Group's subsidiaries are involved in certain tax disputes, where the amount of potential exposure is estimated to be S$3 million (2022: S$52 million, predominately from the disposal group).

C8. Commitments

A commitment is a contractual obligation to make a payment in the future. These amounts are not recorded in the consolidated balance sheet since the Group has not yet received the goods or services from the supplier. The amounts below are the minimum amounts that the Group is committed to pay.

Commitments not provided for in the financial statements are as follows:

		Group	
(S$ million)	Note	2023	2022
– Commitments in respect of contracts placed for property, plant and equipment	a	1,120	334
– Commitments in respect of a civil settlement in China	b	45	45
– Uncalled commitments to subscribe for additional shares in joint ventures and other investments		3	40
– Commitments in respect of purchase of investment properties		*	30
		1,168	449

a. The amount in 2023 included S$587 million for the construction of a combined cycle power plant on Jurong Island, Singapore.

b. As part of the settlement relating to the discharge of off-specification wastewater by its 98.42%-owned wastewater treatment company, Sembcorp Nanjing Suiwu Company Limited, the Group is committed to invest S$45 million by December 2023 to develop projects and initiatives to support environmental protection in China. As at December 31, 2023, the Group has invested more than S$45 million, which includes the upgrading of wastewater treatment plants in Jiangsu, China towards the civil settlement amount. The invested amount is pending audit and confirmation by the Nanjing Procuratorate and court, which is estimated to be completed in 2024.

D. Our Assets

In line with the Group's strategic plan on energy transition and sustainable development, the Group has continued to invest in renewable power equipment to enhance its energy sustainability portfolio.

D1. Property, Plant and Equipment

Accounting policies

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and impairment losses. The cost initially recognised includes acquisition costs, costs directly attributable to bringing the assets to the location and working condition for their intended use and capitalised borrowing costs. Costs also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of PPE and estimated costs to be incurred for restoring the asset upon expiry of the lease agreement.

i. Subsequent Expenditure

Subsequent expenditure is recognised in the carrying amount of the asset when it is probable that future economic benefits will flow to the Group and its costs can be measured reliably. The costs of day-to-day servicing of PPE are expensed to profit or loss when incurred. For items subject to regular overhauls, the overhaul costs incurred are capitalised and the carrying amounts of replaced components are written off to profit or loss.

ii. Depreciation

Depreciation is based on the cost of an asset less its residual value (i.e. the estimated net amount to be obtained from disposal). Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each major component of an item of PPE as follows:

Leasehold land	Lease period of 5 to 84 years
Buildings	3 to 50 years
Improvements to premises	3 to 30 years
Quays and dry docks	9 to 28 years
Infrastructure	25 to 30 years
Plant and machinery	3 to 56 years
Tools and workshop equipment	3 to 10 years
Furniture, fittings, and office equipment	1 to 10 years
Motor vehicles	2 to 10 years

No depreciation is provided on freehold land and capital work-in-progress.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

iii. Impairment

At the end of each reporting period, assessment is performed to identify whether there is any indication that an asset may be impaired. Impairment occurs when the carrying value of assets or its smallest identifiable, independent asset group that generates cash flows (cash-generating unit (CGU)) is greater than their recoverable amount. The recoverable amount is the higher of the assets' fair value less cost to sell and their value-in-use (VIU) (i.e. present value of the net cash flows they are expected to generate). The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

iv. Reversals of impairment

Impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of impairment loss for an asset is recognised in profit or loss.

v. Disposals

Gains or losses arising from the retirement or disposal of PPE are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

D. Our Assets *(cont'd)*

D1. Property, Plant and Equipment *(cont'd)*

Key estimates and judgements

Judgments are used in estimating the recoverable amount of an asset, i.e. in determining an asset's fair value and in assessing its VIU (the future cash flows expected to be generated by the asset and the pre-tax discount rate in bringing them to present value). In making these estimates, the Group considers the market value of the asset, changes to the technological, market, economic or legal environment in which the Group operates, market interest rates, evidence of obsolescence or physical damage to the PPE and changes to the expected usage of the asset.

The Group also applies judgement in determining an asset's depreciation methods, estimated useful lives and residual values. These are reviewed annually, taking into consideration factors such as changes in the expected level of usage and technological developments, and adjusted prospectively where appropriate.

(S$ million)	Note	Leasehold and freehold land and buildings	Improvements to premises	Quays and dry docks	Infrastructure	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Capital work-in-progress	Right-of-use assets (Note D1.1)	Total
Group											
Cost / Valuation											
Balance at January 1, 2023		335	83	12	–	7,187	61	82	230	405	8,395
Translation adjustments		(7)	(2)	–	–	(60)	(1)	*	(5)	–	(75)
Additions		13	*	–	–	58	5	4	767	30	877
Reclassification		6	3	–	–	383	2	*	(394)	–	–
Acquisition of subsidiaries	iii	32	–	–	–	421	*	–	315	21	789
Transfer to intangible assets	D3	–	–	–	–	–	–	–	(1)	–	(1)
Remeasurement adjustments for right-of-use assets		–	–	–	–	–	–	–	–	3	3
Disposals / Write-offs		*	*	*	–	(151)	(3)	(6)	(1)	(8)	(169)
Balance at December 31, 2023		379	84	12	–	7,838	64	80	911	451	9,819
Accumulated Depreciation and Impairment Losses											
Balance at January 1, 2023		107	27	10	–	2,742	45	42	5	112	3,090
Translation adjustments		–	(1)	–	–	10	–	–	–	–	9
Depreciation for the year											
– Continuing operations	B4a	9	3	*	–	356	7	8	–	25	408
Reclassification		*	*	–	–	–	*	–	–	–	–
Disposals / Write-offs		*	*	*	–	(140)	(3)	(7)	–	(7)	(157)
Impairment losses	B4a	4	*	–	–	*	*	*	–	–	4
Balance at December 31, 2023		120	29	10	–	2,968	49	43	5	130	3,354
Carrying Amounts											
At January 1, 2023		228	56	2	–	4,445	16	40	225	293	5,305
At December 31, 2023		259	55	2	–	4,870	15	37	906	321	6,465

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1. Property, Plant and Equipment *(cont'd)*

(S$ million)	Note	Leasehold and freehold land and buildings	Improvements to premises	Quays and dry docks	Infrastructure	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Capital work-in-progress	Right-of-use assets (Note D1.1)	Total
Group											
Cost / Valuation											
Balance at January 1, 2022		401	85	12	55	9,584	70	88	159	359	10,813
Translation adjustments		(20)	(7)	–	(1)	(479)	(2)	(1)	(14)	(13)	(537)
Additions		5	1	–	–	106	6	2	544	55	719
Reclassification		1	5	–	*	446	*	3	(456)	1	–
Acquisition of subsidiaries	iii	33	–	–	–	885	*	*	–	14	932
Transfer from investment properties	D2	3	–	–	–	–	*	–	–	–	3
Transfer from / (to) other financial assets		–	–	–	–	*	–	–	*	–	*
Remeasurement adjustments for right-of-use assets		–	–	–	–	–	–	–	–	7	7
Transfer to assets held for sale	G6	(87)	–	–	(54)	(3,290)	(6)	(2)	(3)	(12)	(3,454)
Disposals / Write-offs		(1)	(1)	–	–	(65)	(7)	(8)	*	(6)	(88)
Balance at December 31, 2022		335	83	12	–	7,187	61	82	230	405	8,395
Accumulated Depreciation and Impairment Losses											
Balance at January 1, 2022		111	24	9	28	3,354	51	41	6	95	3,719
Translation adjustments		(5)	(1)	–	(1)	(141)	(1)	*	(1)	(2)	(152)
Depreciation for the year											
– Continuing operations	B4a	9	4	1	*	288	6	9	–	23	340
– Discontinued operation	G6	1	–	–	3	82	*	*	–	1	87
Reclassification		1	–	–	–	(1)	*	*	–	–	–
Transfer from investment properties	D2	*	–	–	–	–	–	–	–	–	*
Transfer to assets held for sale	G6	(9)	–	–	(30)	(805)	(4)	(1)	–	(1)	(850)
Disposals / Write-offs		(1)	*	–	–	(57)	(7)	(7)	*	(4)	(76)
Impairment losses	B4a	*	*	–	–	22	*	–	–	–	22
Balance at December 31, 2022		107	27	10	–	2,742	45	42	5	112	3,090
Carrying Amounts											
At January 1, 2022		290	61	3	27	6,230	19	47	153	264	7,094
At December 31, 2022		228	56	2	–	4,445	16	40	225	293	5,305

Group

i. PPE with the following net book values have been pledged to secure loan facilities granted to subsidiaries. The PPE of the disposal group and the corresponding amount pledged are presented under assets held for sale (Note G6).

(S$ million)	Note	Group	
		December 31, 2023	December 31, 2022
Freehold land and buildings		60	70
Leasehold land and buildings including right-of-use assets		41	33
Plant and machinery		1,222	1,862
Capital work-in-progress		–	4
Other assets		2	2
	C5a	1,325	1,971

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1. Property, Plant and Equipment *(cont'd)*

Group *(cont'd)*

ii. During the year, interest and direct staff costs amounting to less than S$1 million (2022: S$4 million) and less than S$1 million (2022: S$4 million), respectively were capitalised as capital work-in-progress. The capitalised interest costs are calculated using a rate from 3.45% to 4.20% (2022: 3.84% to 4.99%).

iii. PPE arising from the acquisition of subsidiaries were stated at fair value at the acquisition date (Note G5).

iv. In 2023, the provision for restoration costs capitalised in PPE amounted to S$19 million (2022: S$34 million) (Note H2).

Change in estimates

In 2023, the Group revised its estimates for the useful lives of certain asset within plant and machinery, with the decision to coincide the replacement in the next scheduled major outage. Consequently, the useful life of this asset is reduced from 25 years to 23 years. The effect of these changes on depreciation expense in current and future periods on assets currently held is as follows:

(S$ million)	2023	2024	2025	2026	Total
Group					
Depreciation based on initial useful life till 3Q2026	7	7	7	3	24
Depreciation based on revised useful life till 1Q2024	19	5	–	–	24
Increase / (Decrease) in depreciation expense and decrease / (increase) in profit before tax	12	(2)	(7)	(3)	–

(S$ million)	Leasehold and freehold land, and buildings	Improvements to premises	Quays and dry docks	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Capital work-in-progress	Right-of-use assets (Note D1.1)	Total
Company									
Cost									
Balance at January 1, 2023	19	7	8	732	22	2	3	160	953
Additions	*	*	–	15	1	–	37	7	60
Remeasurement adjustments for right-of-use assets	–	–	–	–	–	–	–	1	1
Reclassification	–	*	–	3	*	–	(3)	–	–
Transfer from inventory	–	–	–	1	–	–	–	–	1
Disposals / Write-offs	*	*	*	(20)	(1)	*	*	–	(21)
Balance at December 31, 2023	19	7	8	731	22	2	37	168	994
Accumulated Depreciation and Impairment Losses									
Balance at January 1, 2023	14	7	6	495	19	1	–	63	605
Depreciation for the year	1	*	*	46	2	*	–	10	59
Disposals / Write-offs	*	*	*	(19)	(1)	*	–	–	(20)
Impairment losses	–	–	–	*	–	*	–	–	*
Balance at December 31, 2023	15	7	6	522	20	1	–	73	644
Carrying Amounts									
At January 1, 2023	5	–	2	237	3	1	3	97	348
At December 31, 2023	4	–	2	209	2	1	37	95	350

D. Our Assets *(cont'd)*

D1. Property, Plant and Equipment *(cont'd)*

(S$ million)	Leasehold and freehold land, and buildings	Improvements to premises	Quays and dry docks	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Capital work-in-progress	Right-of-use assets (Note D1.1)	Total
Company									
Cost									
Balance at January 1, 2022	20	7	8	735	22	3	15	145	955
Additions	*	*	–	23	*	*	5	12	40
Remeasurement adjustments for right-of-use assets	–	–	–	–	–	–	–	3	3
Reclassification	–	*	–	16	1	–	(17)	–	–
Transfer to assets held for sale	*	–	–	–	–	–	–	–	*
Disposals / Write-offs	(1)	*	–	(42)	(1)	(1)	–	*	(45)
Balance at December 31, 2022	19	7	8	732	22	2	3	160	953
Accumulated Depreciation and Impairment Losses									
Balance at January 1, 2022	14	7	4	493	19	2	–	51	590
Depreciation for the year	1	*	2	43	1	*	–	12	59
Transfer to assets held for sale	*	–	–	–	–	–	–	–	*
Disposals / Write-offs	(1)	*	–	(42)	(1)	(1)	–	*	(45)
Impairment losses	*	–	–	1	–	–	–	–	1
Balance at December 31, 2022	14	7	6	495	19	1	–	63	605
Carrying Amounts									
At January 1, 2022	6	–	4	242	3	1	15	94	365
At December 31, 2022	5	–	2	237	3	1	3	97	348

D1.1 Right-of-use Assets and Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, please refer to Note D2 Investment Properties and Note B2 under Rental Income.

Accounting policies

The Group determines whether an arrangement is or contains a lease at inception. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Leases are recognised as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the Group.

Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. These right-of-use assets are subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The policy on impairment and reversal of impairment is consistent with property, plant and equipment as disclosed in Note D1.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D1.1 Right-of-use Assets and Leases *(cont'd)*

Accounting policies *(cont'd)*

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially used at the commencement date
- the extension option if the Group is reasonably certain to exercise that option
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- amounts expected to be payable by the Group under residual value guarantees, and
- payments of penalties for terminating the lease, if the leases term reflects the Group exercising that option

These lease payments are discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the lessee's incremental borrowing rate. The resulting finance cost is charged to profit or loss over the lease period.

Lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments, with a corresponding adjustment to the right-of-use asset or in profit or loss if the carrying amount of the asset has been reduced to zero.

Payment associated with short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Key estimates and judgements

The Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. If the Group should exercise the extension option, the potential future lease payments would result in an increase in lease liability.

a. Amounts recognised in the balance sheets

	Group	
(S$ million)	December 31, 2023	December 31, 2022
Right-of-use assets		
Leasehold land and buildings	303	272
Plant and machinery	4	5
Motor vehicles	14	16
Furniture, fittings and office equipment	*	*
Total	321	293
Lease liabilities		
Current	18	17
Non-current	292	270
Total	310	287
Maturity analysis		
Within 1 year	18	17
After 1 year but within 5 years	82	85
After 5 years	210	185
Total	310	287

In 2023, additions to the right-of-use assets were S$30 million (2022: S$55 million).

	Company	
(S$ million)	December 31, 2023	December 31, 2022
Right-of-use assets		
Leasehold land and buildings	72	72
Plant and machinery	23	25
Total	95	97
Lease liabilities		
Current	11	10
Non-current	104	107
Total	115	117
Maturity analysis		
Within 1 year	11	10
After 1 year but within 5 years	19	18
After 5 years	85	89
Total	115	117

b. Amounts recognised in profit or loss

		Group	
(S$ million)	Note	2023	2022
Depreciation charge of right-of-use assets:			
– Leasehold land and buildings		19	17
– Plant and machinery		1	1
– Motor vehicles		5	5
– Furniture, fittings and office equipment		*	*
		25	23
Interest expense on lease liabilities (included in finance cost)	C6	11	10
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)		1	*
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in cost of goods sold and administrative expenses)		8	7
Expense relating to variable lease payments not included in lease liabilities (included in cost of goods sold and administrative expenses)		*	–

The total cash outflow for leases in 2023 was S$32 million (2022: S$33 million).

D. Our Assets *(cont'd)*

D2. Investment Properties

The Group holds certain properties for rental yields and for capital appreciation.

Accounting policies

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives ranging from 20 to 60 years or the lease period of 15 to 16 years. The assets' depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate. No depreciation is provided on freehold land.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions when it increases the future economic benefits, embodied in the specific asset to which it relates, and its costs can be measured reliably. The carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is recognised as an expense when incurred.

The policy on impairment and reversal of impairment is consistent with property, plant and equipment as disclosed in Note D1.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

		Group		
(S$ million)	Note	Investment properties	Investment properties work-in-progress	Total
Cost				
Balance at January 1, 2023		148	10	158
Translation adjustments		(5)	*	(5)
Additions		*	29	29
Reclassification		39	(39)	–
Disposals / Write-offs		(1)	–	(1)
Balance at December 31, 2023		181	*	181
Accumulated Depreciation				
Balance at January 1, 2023		25	–	25
Translation adjustments		(1)	–	(1)
Depreciation for the year	B4a	4	–	4
Disposals / Write-offs		*	–	*
Balance at December 31, 2023		28	–	28
Carrying Amounts				
At January 1, 2023		123	10	133
At December 31, 2023		153	*	153

		Group		
(S$ million)	Note	Investment properties	Investment properties work-in-progress	Total
Cost				
Balance at January 1, 2022		159	5	164
Translation adjustments		(12)	(1)	(13)
Additions		3	11	14
Reclassification		5	(5)	–
Transfer to property, plant and equipment	D1	(3)	*	(3)
Disposals / Write-offs		(4)	–	(4)
Balance at December 31, 2022		148	10	158
Accumulated Depreciation				
Balance at January 1, 2022		26	–	26
Translation adjustments		(1)	–	(1)
Depreciation for the year	B4a	4	–	4
Transfer to property, plant and equipment	D1	*	–	*
Disposals / Write-offs		(4)	–	(4)
Balance at December 31, 2022		25	–	25
Carrying Amounts				
At January 1, 2022		133	5	138
At December 31, 2022		123	10	133

Amounts recognised in profit or loss for investment properties

	Group	
(S$ million)	2023	2022
Rental income	10	11
Operating expenses arising from rental of investment properties	9	8

The fair value of the investment properties as at the balance sheet date is S$204 million (2022: S$187 million). The fair values are mostly determined by independent professional valuers using a combination of investment income method and direct or market comparison techniques, including adjustments to reflect the specific use of the investment properties. Such valuation is derived from observable market data from an active and transparent market. In the absence of current prices in an active market, the fair values are determined by considering the aggregate of the estimated cash flow expected to be received from renting out the properties or Directors' valuation. A yield that reflects the specific risks inherent in the cash flows is then applied to the net annual cash flows to obtain the fair values.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D2. Investment Properties *(cont'd)*

The Group leases out its investment properties. The lease agreement provides for additional lease payments annually based on changes to a price index. Non-cancellable operating lease rentals receivable are as follows:

(S$ million)	Group 2023	Group 2022
Lease receivable:		
Within 1 year	8	8
1 to 2 years	5	5
2 to 3 years	3	3
3 to 4 years	1	2
4 to 5 years	1	2
More than 5 years	2	5
	20	25

D3. Intangible Assets

The balance sheet contains significant intangible assets, mainly in relation to goodwill, intellectual property rights and long-term contracts.

Accounting policies

a. Goodwill

Goodwill is measured at cost less accumulated impairment losses. The goodwill cost represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net amount recognised (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a negative goodwill is recognised immediately in profit or loss.

Goodwill is not amortised but is tested for impairment on an annual basis. An impairment loss on goodwill is recognised as an expense in profit or loss and is not reversed in a subsequent period.

Goodwill that has previously been taken to reserves is not taken to profit or loss when (i) the business is disposed of or discontinued or (ii) the goodwill is impaired. Similarly, negative goodwill that has previously been taken to reserves is not taken to profit or loss when the business is disposed of or discontinued.

b. Service Concession Arrangements

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. This intangible asset is measured at fair value upon initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period when the Group has a right to charge the public for the usage of the infrastructure to the end of the concession period.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 25 to 30 years.

c. Long-term Contracts

Long-term revenue and supplier contracts are fair valued using cash flow projections over the contractual period of 1 to 30 years. Amortisation is recognised in profit or loss on a straight-line basis over the contractual period.

d. Power Generation Permits

Power generation permits are fair valued using cash flow projections over the tenure of the permits, ranging from 20 to 25 years. Amortisation is recognised in profit or loss on a straight-line basis over the tenure of the permits.

e. Carbon Allowances

Carbon allowances received are accounted for using the 'net liability' method. Any quantities of allowances above those forecast to be required for the company's own use are accounted for as an intangible asset together with a related deferred income balance in the balance sheet at their estimated recoverable value. A liability would only crystalise when emissions are greater than the allowances granted.

f. Other Intangible Assets

Other intangible assets comprise software, development rights and golf club membership.

Other intangible assets with a finite life are measured at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally generated goodwill is recognised in profit or loss as an expense as incurred. Other intangible assets are amortised on a straight-line basis from the date the asset is available for use and over its estimated useful lives ranging from 3 to 30 years.

Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and its costs can be measured reliably. All other expenditures are expensed as incurred.

Impairment (except for Goodwill, separately disclosed in (a))

Intangible assets that have indefinite useful lives or that are not yet available for use are tested for impairment annually. For intangible assets with finite useful lives, the policy on impairment is consistent with property, plant and equipment as disclosed in Note D1.

Reversal of Impairment (except for Goodwill, separately disclosed in (a))

The policy on reversal of impairment is consistent with property, plant and equipment as disclosed in Note D1.

Key estimates and judgements

The determination of the recoverable amounts of goodwill and other intangible assets involves judgement and is subject to significant estimation uncertainties, principally, the discount rates, gross margin forecasts and plant load factors. The gross margin forecasts and plant load factors take into account expected customer demand, forecasted tariff rates and future carbon taxes for the non-renewable investments. These are inherently subject to estimation uncertainties as well as political and regulatory developments.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

(S$ million)	Note	Group Goodwill	Service concession arrangements	Long-term contracts	Power generation permits	Carbon allowances	Others	Total
Cost								
Balance at January 1, 2023		235	51	182	393	78	65	1,004
Translation adjustments		(1)	(2)	2	(17)	3	(3)	(18)
Additions	i	–	*	–	–	32	9	41
Acquisition of subsidiaries	G5, iv	95	–	164	90	–	–	349
Disposals	i	–	*	–	–	(72)	*	(72)
Transfer from property, plant and equipment	D1	–	*	–	–	–	1	1
Write-off	B4a	*	*	–	–	–	*	*
Balance at December 31, 2023		329	49	348	466	41	72	1,305
Accumulated Amortisation								
Balance at January 1, 2023		109	27	117	9	–	45	307
Translation adjustments		4	(4)	5	(1)	–	*	4
Amortisation charge for the year								
– Continuing operations	B4a	–	3	14	17	–	8	42
Disposals		–	*	–	–	–	*	*
Write-off	B4a	–	*	–	–	–	*	*
Balance at December 31, 2023		113	26	136	25	–	53	353
Carrying Amounts								
At January 1, 2023		126	24	65	384	78	20	697
At December 31, 2023		216	23	212	441	41	19	952

(S$ million)	Note	Group Goodwill	Service concession arrangements	Long-term contracts	Power generation permits	Carbon allowances	Others	Total
Cost								
Balance at January 1, 2022		278	58	235	–	76	61	708
Translation adjustments		(21)	(7)	(20)	(22)	(9)	(1)	(80)
Additions	i	–	*	–	–	135	7	142
Acquisition of subsidiary	G5	33	–	–	415	–	*	448
Disposals	i	–	*	–	–	(124)	*	(124)
Transfer from other category of asset		–	*	–	–	–	*	*
Transfer to assets held for sale	G6	(55)	–	(33)	–	–	(2)	(90)
Write-off	B4a	–	*	–	–	–	*	*
Balance at December 31, 2022		235	51	182	393	78	65	1,004
Accumulated Amortisation								
Balance at January 1, 2022		119	28	132	–	–	39	318
Translation adjustments		(10)	(4)	(13)	(1)	–	(1)	(29)
Amortisation charge for the year								
– Continuing operations	B4a	–	3	7	10	–	8	28
– Discontinued operation		–	–	1	–	–	1	2
Disposals		–	*	–	–	–	*	*
Transfer to assets held for sale	G6	–	–	(10)	–	–	(2)	(12)
Write-off	B4a	–	*	–	–	–	*	*
Balance at December 31, 2022		109	27	117	9	–	45	307
Carrying Amounts								
At January 1, 2022		159	30	103	–	76	22	390
At December 31, 2022		126	24	65	384	78	20	697

i. The additions during the year mainly related to the increase in carbon allowances and the disposal was for the settling of the Group's carbon obligation.

ii. Intangible assets of less than S$1 million (2022: less than S$1 million) have been pledged to secure loan facilities.

iii. The amortisation of intangible assets is analysed as follows:

(S$ million)	Group 2023	2022
Cost of sales	36	22
Administrative expenses	6	8
Total	42	30

iv. Prior to the end of the provisional one-year period from the date of acquisition of Sembcorp Huiyang New Energy (Shenzhen) Co., Ltd (June 1, 2022), the consideration of the acquisition has decreased by S$3 million, with a corresponding reduction in goodwill by S$3 million (Note G5).

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

a. Goodwill

Impairment Testing

Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

(S$ million)	Note	Group December 31, 2023	Group December 31, 2022
Cash-generating Unit (CGU)			
SUT Division		19	19
Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd	i	43	43
Green Infra Wind Energy Limited (GIWEL) and its subsidiaries	ii	127	31
Sembcorp Huiyang New Energy (Shenzhen) Co., Ltd and its subsidiaries (HYNE)		26	33
Multiple units with insignificant goodwill		1	*
		216	126

i. Sembcorp Gas Pte Ltd and Sembcorp Fuels (Singapore) Pte Ltd are considered a single CGU as both have the same customer bases for natural gas, pricing is set by the same management team and cash inflows are not generated largely independently.

ii. During the year, as part of the re-organisation of the Group's renewable portfolio in India to increase the operational efficiencies through pooling of management resources and technical skills, Sembcorp Green Infra Limited (SGIL) has amalgamated into GIWEL and is now known as GIWEL.

In January 2023, GIWEL has acquired 100% interest in Vector Green Energy Private Limited (Vector Green), which consists of a portfolio of solar and wind assets. The increase in goodwill predominately arose from this acquisition. The identified assets acquired, and liabilities assumed for the CGU are measured at their fair values and there has been no change to the goodwill determined on provisional basis as at December 31, 2023 (see Note G5).

The recoverable amounts for SUT Division, Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd, Green Infra Wind Energy Limited and its subsidiaries and Sembcorp Huiyang New Energy (Shenzhen) Co., Ltd and its subsidiaries were determined using value-in-use calculations. Cash flow projections used in the value-in-use calculations were prepared based on management's experience in operating the business and forward market outlook over the long-term nature of the utilities and power business. Pre-tax discount rates between 6.0% and 10.3% (2022: 5.7% and 11.7%) had been used.

At the balance sheet date, based on the key assumptions below, the recoverable amounts of the respective CGUs exceeded their carrying amounts.

Key assumptions on recoverable amounts of respective CGUs

	SUT Division	Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd	Green Infra Wind Energy Limited and its subsidiaries (GIWEL)	Sembcorp Huiyang New Energy (Shenzhen) Co., Ltd and its subsidiaries (HYNE)
Cash flow projections period	Remaining useful life of plants assumed 18 years (2022: 19 years)	Remaining contractual period of existing contracts	Remaining useful life of plants assumed 30 years (2022: 28 years)	Remaining useful life of plants assumed 24 years
Revenue and margins	Based on contracts secured along with likely renewals and forecasted demand for industrial utilities and services; as well as forecasted margins	Based on estimated sales and purchases of gas quantities derived from the contractual period of existing contracts	Based on long-term contracts secured at contracted tariffs. New contracts and contract renewals are assumed based on estimated demand and supply as well as margin	Based on feed-in tariffs as per power purchase agreements secured along with likely renewals
Carbon tax / Costs	Carbon taxes will be borne by customers	Carbon taxes will be borne by customers	NA	NA
Expected capital expenditure	In accordance with plant maintenance programme	In accordance with plant maintenance programme and pipeline servicing	In accordance with plant maintenance programme	In accordance with plant maintenance programme
Terminal value	Nil (2022: Nil)	Nil (2022: Nil)	Nil (2022: Nil)	5% of original cost
Inflation rate assumptions used to project overheads and other general expenses	2.0%–5.5% (2022: 1.5%–2.0%)	2.0%–5.5% (2022: 1.5%–2.0%)	3.0%–5.0% (2022: 3.5%)	0%
Others	NA	Forward USD / SGD exchange rate and High Sulphur Fuel Oil (HSFO) prices with reference to forward quotes were assumed in the forecast performance	NA	NA

The assumptions for GIWEL and its subsidiaries include those from its portfolio of assets acquired in 2023 (Note G5).

b. Service Concession Arrangements

The subsidiaries in Fuzhou and Yanjiao in People's Republic of China have service concession agreements with the local municipalities to supply drinking water to the local communities.

Under these arrangements, the charges for use of these assets are adjusted regularly according to agreed cost reference and escalation formula in the concession agreement as approved by respective local authorities.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

c. Long-term Contracts

India

The subsidiaries in the renewables sector in India have long-term contracts with India's State Electricity Boards in Rajasthan, Gujarat, Karnataka, Maharashtra, Madhya Pradesh, Punjab, and Telangana with tenures ranging from 20 to 30 years. These subsidiaries also sell electricity to commercial customers with tenures ranging from 10 to 25 years.

United Kingdom (UK)

The subsidiaries in the UK acquired in 2018, have contracted with the National Grid of the UK to generate electricity through a portfolio of diesel and gas generators in multiple sites across the UK and supplier contracts with tenures ranging from 1 to 15 years. The majority of these contracts provide fixed rate cash flows relating to plant availability (Capacity Market contracts).

d. Power Generation Permits

The subsidiaries in China own power generation permits to operate solar and wind power plants in various locations of China, with tenures ranging from 20 to 25 years.

e. Carbon Allowances

These are allowances, received from the UK government and purchased from the carbon market, to settle the emission obligation from its gas-fired thermal power plants.

f. Other Intangible Assets

Other intangible assets comprise water rights, software, development rights and golf club membership.

	Company		
(S$ million)	Goodwill	Others	Total
Cost			
Balance at January 1, 2023	19	31	50
Additions	–	5	5
Balance at December 31, 2023	19	36	55
Accumulated Amortisation			
Balance at January 1, 2023	–	23	23
Amortisation charge for the year	–	3	3
Balance at December 31, 2023	–	26	26
Carrying Amounts			
At January 1, 2023	19	8	27
At December 31, 2023	19	10	29
Cost			
Balance at January 1, 2022	19	27	46
Additions	–	4	4
Disposals / Write-offs	–	*	*
Balance at December 31, 2022	19	31	50
Accumulated Amortisation			
Balance at January 1, 2022	–	21	21
Amortisation charge for the year	–	2	2
Disposals / Write-offs	–	*	*
Balance at December 31, 2022	–	23	23
Carrying Amounts			
At January 1, 2022	19	6	25
At December 31, 2022	19	8	27

The Company's goodwill relates to goodwill on the acquisition of the SUT Division in 2008.

Notes to the Financial Statements

E. Our Working Capital

E1. Trade and Other Receivables

Trade and other receivables mainly consist of amounts owed to the Group by customers and amounts paid to the Group's suppliers in advance.

Accounting policies

Trade and other receivables are initially recognised at the amount of consideration receivable that is unconditional, unless they contain significant financing components, whereby they will be recognised at fair value.

Subsequently, trade and other receivables are measured at amortised cost only if (i) the asset is held within a business model whose objective is to collect the contractual cash flows and (ii) the contractual terms give rise to cash flows that are solely payments of principal and interest. The carrying value of trade and other receivables is reduced by appropriate allowances for estimated irrecoverable amounts. The estimated irrecoverable amounts and calculation of loss allowances are based on policies set out in Note F4. Interest income, foreign exchange gains or losses, impairment losses and gains or losses on derecognition relating to these receivables are recognised in profit or loss.

In the service concession arrangements, the Group recognises a financial asset arising from its construction services when it has an unconditional contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

		December 31, 2023			December 31, 2022		
(S$ million)	Note	Non-current	Current	Total	Non-current	Current	Total
Group							
Trade receivables	i	6	835	841	12	665	677
Service concession receivables	ii	796	47	843	852	45	897
Amounts due from related parties	G4	5	109	114	4	86	90
Staff loans		–	–	–	–	*	*
Deposits	iii	21	30	51	28	85	113
Sundry receivables	iv	39	166	205	–	141	141
Unbilled receivables	v	–	364	364	–	374	374
Recoverables		3	24	27	1	24	25
Interest receivables		–	5	5	–	6	6
Grant receivables		–	4	4	–	4	4
		870	1,584	2,454	897	1,430	2,327
Loss allowance	F4	(132)	(64)	(196)	(112)	(51)	(163)
Financial assets at amortised cost	F4, vi	738	1,520	2,258	785	1,379	2,164
Prepayments	vii	53	44	97	47	47	94
Employee defined benefit asset		10	*	10	17	*	17
Advances to suppliers		–	105	105	–	134	134
Tax recoverable		10	5	15	6	4	10
		811	1,674	2,485	855	1,564	2,419

i. Trade receivables include subsidies on energy production received by renewables companies in China. As of the date of the report, receipts of certain of these receivables are waiting for the final verification results from the regulators.

ii. The Group has service concession agreements with the local governments and governing agencies through its subsidiaries. The agreements in Singapore are for supply of treated water and agreements in Myanmar and Bangladesh are for supply of electricity.

The guaranteed sum receivables from the grantors for the construction of the underlying assets are discounted at interest rates ranging from 3.6% to 8.5% (2022: 3.6% to 8.5%).

iii. Deposits include cash collateral placed on deposits in margin accounts.

iv. Sundry receivables represent mainly GST receivables, loan receivables and miscellaneous receivables.

v. Unbilled receivables represent revenue accrued for sale of utilities commodities and services.

vi. Trade and other receivables of S$409 million (2022: S$839 million) have been pledged to secure loan facilities. Included in the pledged amount is S$348 million (2022: S$372 million) that relates to underlying assets of the service concession arrangements.

vii. Prepayments are charged to profit or loss on a straight-line basis over the service period. They relate primarily to:

- Connection fees prepaid under the Generation Connection and Use of System Agreement for the use of the transmission lines to a related corporation amounted to S$34 million (2022: S$38 million).
- Service fees prepaid under the Gasoil Supply and Storage Agreement for the usage of tank; and
- Capacity charges prepaid for the use of gas delivery pipelines, prepaid insurance premium, transport tariff recoverable and maintenance of plant.

		December 31, 2023			December 31, 2022		
(S$ million)	Note	Non-current	Current	Total	Non-current	Current	Total
Company							
Trade receivables		–	21	21	–	24	24
Amounts due from related parties	G4	–	30	30	–	40	40
Deposits		–	2	2	–	2	2
Unbilled receivables	i	–	51	51	–	46	46
Recoverables		–	3	3	–	1	1
Sundry receivables		–	1	1	–	–	–
Grant receivables		–	4	4	–	4	4
		–	112	112	–	117	117
Loss allowance	F4	–	(1)	(1)	–	(2)	(2)
Financial assets at amortised cost	F4	–	111	111	–	115	115
Prepayments	ii	*	4	4	1	4	5
Advance to suppliers		–	2	2	–	*	*
		*	117	117	1	119	120

i. Included in the Company's unbilled receivables are amounts of S$34 million (2022: S$26 million) due from related companies.

ii. Connection and capacity charges prepaid for the use of pipelines and pipe racks.

Notes to the Financial Statements

E. Our Working Capital *(cont'd)*

E2. Inventories

Accounting policies

a. Inventories

Finished goods, consumable materials, spares, and environmental attributes are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

Environmental attributes (EA) include renewable energy certificates and renewable obligation certificates. They are held for sale in the ordinary course of business and / or are self-generated. The recognition of the self-generated EA as inventory will be only at the completion of the certification process when these certificates become a resource controlled by the generating entity.

b. Development Properties

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes land and construction costs, related expenditure and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Key estimates and judgements

The Group applies critical accounting judgements in classifying development properties. In assessing the classification of development properties, management considers its intention with regards to the use of the properties (i.e. held with the intention of development and sale in the ordinary course of business or for rental and capital appreciation). Where there is a change in intended use, a change in classification may be required.

	Group		Company	
(S$ million)	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Raw materials and consumables	120	134	3	5
Finished goods	30	24	5	7
Environmental attributes	2	2	–	–
	152	160	8	12
Allowance for inventory obsolescence	(19)	(26)	(1)	(3)
	133	134	7	9
Properties under development	2	3	–	–
	135	137	7	9

S$26 million (2022: S$25 million) of the Group's inventories were pledged to secure loan facilities.

Amounts recognised in profit or loss

		Group	
(S$ million)	Note	2023	2022
Inventories recognised as an expense in cost of sales		263	102
Write-back of allowance for inventory obsolescence	B4a	(7)	*

E3. Trade and Other Payables

Trade and other payables mainly consist of amounts the Group owes to its suppliers. They also include taxes and social security amounts payable relating to the Group's workforce.

Accounting policies

Trade and other payables (excluding advance payments from customers, deferred grants, deferred income and retirement benefit obligations) are classified as financial liabilities measured at amortised cost using the effective interest method. Trade payables are not interest-bearing and are stated at their nominal value.

		Group		Company	
(S$ million)	Note	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Current liabilities					
Trade payables		300	163	4	4
Advance payments from customers		28	33	*	*
Amounts due to related parties	G4	19	57	151	6
Accrued capital and operating expenditure	i	715	804	132	132
Deposits		31	43	*	*
Accrued interest payable		32	29	–	–
Other creditors	ii	268	360	2	2
Deferred grants		1	*	–	*
Deferred consideration		103	75	–	–
Contingent consideration		133	151	–	–
		1,630	1,715	289	144
Non-current liabilities					
Deferred grants	iii	19	3	–	–
Amounts due to related parties	G4	–	–	1,370	1,358
Other long-term payables	iv	58	43	20	19
Deferred income		36	38	2	2
Contingent consideration		1	3	–	–
Retirement benefit obligation		7	6	–	–
		121	93	1,392	1,379

i. Included in the Group's and Company's accrued operating expenses are amounts of S$46 million and S$26 million (2022: $53 million, and S$36 million) due to related companies respectively.

ii. Included in the Group's other creditors is an amount owing in the margin account as a result of withdrawal against net unrealised gain, driven by the high oil commodity forward price.

iii. Non-current deferred grants related to government grants for capital assets.

iv. Other long-term payables included retention monies of subsidiaries, long-term employee benefits and accrued operating and maintenance services which will be billed only after the initial payment-free period, which is more than one year.

Notes to the Financial Statements

E. Our Working Capital *(cont'd)*

E4. Cash and Cash Equivalents

Accounting policies

Cash and cash equivalents which comprise cash balances and bank deposits are classified as financial assets measured at amortised cost. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand. Bank overdrafts are shown within loans and borrowings in current liabilities on the balance sheet.

The majority of the Group's cash is held in bank deposits or money market funds which have a maturity of three months or less to enable short-term liquidity requirements to be met.

	Group		Company	
(S$ million)	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Fixed deposits with banks	242	398	–	–
Cash and bank balances	525	856	288	239
Cash and cash equivalents in the balance sheets	767	1,254	288	239
Restricted bank balances	(35)	(8)	–	–
Cash and cash equivalents in the consolidated statement of cash flows	732	1,246	288	239
Cash and cash equivalents inclusive of placement with:				
– A subsidiary	–	–	286	237
– A related corporation	25	137	2	2

Fixed deposits with banks of the Group earn interest at rates ranging from 0.20% to 7.25% (2022: 0.25% to 6.40%) per annum.

Included in the Group's cash and cash equivalents is an amount of S$84 million (2022: S$156 million) over which banks have a first charge in the event that the respective subsidiaries do not meet the debt servicing requirements.

F. Our Financial Instruments and Risks Management

In undertaking the transformation from brown to green, the Group has carefully optimised its assets portfolio, monitored its risk exposures, and ensured that the Group is not over-leveraged.

F1. Market Risk

This note details the Group's exposure to treasury and financial risks including credit, liquidity, interest and foreign exchange risks, and the objectives and policies in place to monitor and manage these risks.

The Group has implemented the Integrated Assurance Framework (IAF) which is based on a multi-level lines of defense (LOD) model. Through the IAF structure, the respective LODs work together to ensure that key financial, operational, compliance and IT risks are reviewed and tested using a robust assurance process. Under the IAF, a pragmatic and collaborative approach to risk and controls assessment has been established, with common and consistent criteria applied to assess the risks and adequacy and effectiveness of internal controls.

Under the IAF, the Group's key markets, being the first LOD, are required to work with the second LOD comprising business lines, subject matter experts and corporate functions, to perform a thorough review and assessment of their risks and internal controls.

Clear escalation procedures and key risk indicators have been established and aligned with the Group's risk appetite.

The proactive management of key risks and controls strengthens not only the Group's reporting and monitoring capabilities, but also cultivates a risk culture of accountability and ownership.

Key themes of the IAF include cyber security, plant availability and reliability, health and safety, regulatory and compliance, people and talent management, fraud risk management and governance.

Financial Risk Management Objectives and Policies

The Group's day-to-day operations, new investment opportunities and funding activities introduce financial risks, which are actively managed by management with Board oversight. These risks are grouped into the following categories:

- Market: The risk that fluctuations in commodity prices, foreign exchange and interest rates adversely impact the Group's results.
- Liquidity: The risk that the Group will not be able to meet the financial obligations as they fall due.
- Credit: The risk that a counterparty will not fulfil its financial obligations under a contract or other arrangement.

The Board has adopted the Group Treasury policies and financial authority limits to manage these risks. The Group Treasury policies set out the parameters for financing structure, liquidity, counterparty risk management, foreign exchange risk management and use of derivative transactions. Derivative transactions are permitted only if it involves underlying assets or liabilities.

F. Our Financial Instruments and Risks Management *(cont'd)*

F1. Market Risk *(cont'd)*

a. Market Risk

Market risk is the possibility that changes in interest rates, foreign exchange rates, equity securities and commodities will adversely affect the value of the Group's assets, liabilities or expected future cash flows. The objective of market risk management is to manage and reduce the above exposures within acceptable parameters.

i. Interest Rate Risk

The Group's interest rate exposure is primarily in relation to its fixed rate borrowings (fair value risk), variable-rate borrowings and cash and cash equivalents (cash flow risk).

The Group's policy is to target at least 50% of its debt portfolio with fixed interest rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at variable rates while using interest rate swaps and cross currency swaps to hedge the variability in cash flows attributable to floating interest rates.

Based on the variable rate net debt position (both issued and hedged) at balance sheet date, assuming other factors (principally foreign exchange rates and commodity prices) remained constant and that no further interest rate management action was taken, an increase in interest rate of 1% would have decreased the Group's profit before tax (PBT) by S$16 million (2022: decreased by S$18 million) and have no impact to equity (2022: increased by S$5 million). At Company level, PBT would have decreased by S$11 million (2022: decreased by S$10 million) without any impact to equity (2022: no impact). A 1% decrease in interest rates would have the opposite effect for both Group and Company.

ii. Foreign Currency Risk

The Group is exposed to currency risk on foreign currency denominated borrowings, investments and commercial transactions.

The Group limits its exposure to changes in foreign exchange rates through forward foreign exchange contracts and cross currency interest rate swaps. In certain circumstances, borrowings are left in a foreign currency, or swapped from one foreign currency to another, to hedge expected future business cash flows in that currency. Significant foreign currency denominated transactions undertaken in the normal course of operations are managed on a case-by-case basis.

The Group's exposure to foreign currency risk (excluding the Group's net investment hedges in its subsidiaries in China (2022: UK and China) based on its risk management policy is summarised as follows:

	Group							
(S$ million)	SGD	USD	EURO	GBP	RMB	INR	BDT#	Others^
2023								
Financial assets								
Cash and cash equivalents	39	132	1	*	4	68	56	1
Loan to an associate	–	–	–	55	–	–	–	–
Trade and other receivables	13	438	5	12	986	–	107	1
DPN receivable	–	–	–	–	–	1,816	–	–
Other financial assets	–	46	–	–	–	–	–	–
	52	616	6	67	990	1,884	163	2
Financial liabilities								
Trade and other payables	47	405	7	389	2	–	86	1
Loans and borrowings	–	105	102	*	–	–	–	76
Lease liabilities	4	–	–	–	–	–	1	–
	51	510	109	389	2	–	87	77
Net financial assets / (liabilities)	1	106	(103)	(322)	988	1,884	76	(75)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(244)	–	–	(3)	–	–	(166)
Less: Cross currency swap / Foreign exchange forward contracts	22	252	106	377	2	–	–	242
Net currency exposure	23	114	3	55	987	1,884	76	1
2022								
Financial assets								
Cash and cash equivalents	47	66	1	*	1	–	16	*
Loan to an associate	–	–	–	58	–	–	–	–
Trade and other receivables	16	470	1	1	895	–	36	1
Other financial assets	–	53	–	–	–	–	–	1
	63	589	2	59	896	–	52	2
Financial liabilities								
Trade and other payables	45	409	3	228	9	–	23	1
Loans and borrowings	–	30	100	–	–	–	–	83
Lease liabilities	4	–	–	–	–	–	*	*
	49	439	103	228	9	–	23	84
Net financial assets / (liabilities)	14	150	(101)	(169)	887	–	29	(82)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(184)	(6)	–	(9)	–	–	–
Less: Cross currency swap / Foreign exchange forward contracts	49	273	106	220	9	–	–	83
Net currency exposure	63	239	(1)	51	887	–	29	1

2022 amounts have been re-presented as exposure to BDT became significant to the Group in 2023.

^ Predominantly Japanese Yen.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F1. Market Risk *(cont'd)*

a. Market Risk *(cont'd)*

ii. Foreign Currency Risk (cont'd)

The Company's gross exposure to foreign currencies is as follows:

(S$ million)	Company USD
2023	
Financial assets	
Cash and cash equivalents	3
Trade and other receivables	5
	8
Financial liabilities	
Trade and other payables	10
Net financial liabilities	(2)
Net currency exposure	(2)
2022	
Financial assets	
Cash and cash equivalents	11
Trade and other receivables	18
	29
Financial liabilities	
Trade and other payables	18
Net financial assets	11
Net currency exposure	11

Sensitivity Analysis

A 10% strengthening of the following currencies against the functional currencies of the Group and Company at balance sheet date would have increased / (decreased) equity and PBT by the amounts shown below. The analysis assumed that all other variables, in particular interest rates, remain constant, ignoring any impact of firm commitments in foreign currencies and with no further foreign exchange risk management action taken.

	Group				Company	
	Equity		Profit before tax		Profit before tax	
(S$ million)	2023	2022	2023	2022	2023	2022
SGD	2	4	*	1	–	–
USD	23	20	8	19	*	1
EURO	–	*	*	*	*	–
GBP	5	–	*	(1)	*	–
RMB	–	–	2	2	*	–
INR	–	–	188	–	–	–
BDT#	–	–	8	3	–	–
JPY	14	–	*	*	–	–

2022 amounts have been re-presented as exposure to BDT become significant to the Group in 2023.

A 10% weakening of the above currencies against the functional currencies of the Group and Company at the balance sheet date would have had an equal but opposite effect to the amounts shown above.

iii. Price Risk

Mutual Funds and Equity Securities Price Risk

The Group is exposed to price risk from mutual funds and equity securities designated as FVTPL or FVOCI respectively.

If prices for mutual funds and equity securities increased by 10% with all other variables held constant, equity and PBT would have increased by S$5 million and S$9 million, respectively (2022: increased by S$5 million and S$7 million, respectively). Conversely, if prices decreased by 10%, equity and PBT would have had an equal but opposite effect.

Commodity Risk

The Group hedges against fluctuations in commodity prices that affect revenue and cost. Exposures are managed via swaps and contracts for differences (CFDs).

CFDs are entered into with counterparties at a strike price, with or without fixing the quantity upfront, to hedge against adverse price movements from sale of electricity. Exposure to price fluctuations from purchases of fuel is managed via fuel oil swaps where fuel price is indexed to a benchmark index, for example Singapore High Sulphur Fuel Oil 180 CST fuel oil and Dated Brent.

The Group designates fuel oil swaps and electricity futures in their entirety in cash flow hedges to hedge its commodity risk and applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference index of Singapore High Sulphur Fuel Oil 180 CST fuel oil and Dated Brent, tenors, repricing dates and maturities. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item by looking at the critical terms.

The Group did not identify any significant sources of ineffectiveness in these hedges.

Sensitivity Analysis

If prices for commodities increased by 10% with all other variables held constant, the increase in equity as a result of fair value changes on cash flow hedges would be:

	Group	
(S$ million)	2023	2022
Equity	7	11

A 10% decrease in the prices for commodities would have had an equal but opposite effect to the equity. The analysis assumed that all other variables remain constant.

F2. Hedges

The Group uses derivative instruments (derivatives) (as disclosed in Note H1) to hedge financial risks as described above. Derivatives are contracts whose value is derived from an underlying price index (or other variable) that require little or no initial net investment and are settled at a future date.

The Group designates certain derivatives as either:

i. Hedges of fair value of recognised assets, liabilities or firm commitments (fair value hedge)

ii. Hedges of a particular cash flow risk associated with a recognised asset, liability or highly probable forecast transaction (cash flow hedge)

iii. Hedges of a net investment in a foreign operation (net investment hedge)

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Accounting policies

Derivatives are carried on balance sheet at fair value. Movements in price of the underlying variables, which causes the value of contract to fluctuate, are reflected in the fair value of derivative. The method of recognising changes in fair value depends on whether the derivative is designated in an accounting hedge relationship. Derivatives not designated as accounting hedges are referred to as economic hedges subject to fair value through profit or loss.

Fair value gains and losses attributable to economic hedges are recognised in statement of profit or loss while recognition of fair value gains and losses of those attributable to accounting hedges depends on the nature of item being hedged.

The effective portion of changes in fair value of derivatives designated as fair value hedge are recognised in profit or loss at the same time when all changes in fair value of the underlying item relating to the hedged risks are recognised in profit or loss. The effective portion of changes in fair value of derivatives designated as cash flow hedges are recognised in hedging reserve (in equity).

Certain determinants of fair value included in derivatives or mismatches between the timing of the instrument and the underlying item in any hedge relationship can cause hedge ineffectiveness. Any ineffectiveness is recognised immediately in profit or loss as change in fair value of derivatives.

When the underlying hedged item is sold or repaid, the unamortised fair value adjustments of a fair value hedge or the amounts accumulated in hedging reserve for a cash flow hedge, is recognised immediately in profit or loss.

When the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting, the unamortised fair value adjustments of a fair value hedge or the amounts accumulated in hedging reserve for a cash flow hedge, is recognised in profit or loss when the hedged item is recognised in profit or loss, which may occur over time.

Key estimates and judgements

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities. The Group considers the critical terms in assessing if each designated derivative is expected to be and has been effective in offsetting changes in cash flows of the hedged item.

In these hedge relationships, the main sources of ineffectiveness are due to:

- effects of the counterparties' and the Group's own credit risk on fair value of the swaps, which is not reflected in the change in fair value of the hedged cash flows attributable to change in interest rates; and
- changes in timing of hedged transactions.

The Group designates only the change in fair value of the spot element of forward exchange contract for funding purposes as the hedging instrument in a cash flow hedging relationship. The change in fair value of the forward element of the forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in hedging reserve within equity.

Interest Rate Benchmark Reform

The financial markets have undergone a fundamental reform of major interest rate benchmarks where interbank offered rates (IBORs) have ceased publication and the IBORs have been replaced with alternative nearly risk-free rates, herein known as the IBOR reform.

As of December 31, 2023, the Group has completed the transition of its loan facilities and hedges affected by the IBOR reform where exposures in GBP LIBOR were transitioned to SONIA, SGD SOR to SORA and USD LIBOR to SOFR.

Cash Flow Hedges

Key estimates and judgements

For cash flow hedge relationships directly impacted by interest rate benchmark reform (i.e. hedges of LIBOR and SOR), the Group assumes that the cash flows of hedged item and hedging instrument will not be altered.

As of December 31, 2023, the Group has completed the transition of its hedged items and hedging instruments affected by the IBOR reform where exposures in GBP LIBOR were transitioned to SONIA, SGD SOR to SORA and USD LIBOR to SOFR with cash flows that are matched. As such, the Group shall continue to apply hedge accounting on these transactions.

The Group designates certain forward foreign exchange contracts, interest rate swaps, cross currency interest rate swaps and fuel oil swaps in various cash flow hedges.

At December 31, 2023, the Group held the following instruments to hedge exposures to fluctuations in foreign currencies, interest rates and commodity prices:

(S$ million)	Rate ($)	Interest rate (%)	Maturity: Within 1 year	Maturity: Between 1 and 5 years	Maturity: More than 5 years
2023					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
– USD / SGD	1.30–1.42	–	182	103	–
– CNH / SGD	0.20	–	176	–	–
– JPY / SGD	91.28–99.04	–	76	102	–
Forex swap contracts (Buy / Sell)					
– CNH / SGD	0.19	–	–	19	–
– USD / SGD	1.35	–	19	–	–
Interest rate risk					
Interest rate swap (IRS)					
– Float-to-fixed	–	1.05 – 3.33	698	579	159
Foreign currency and interest rate risk					
Cross currency swaps					
– EUR / SGD	–	3.99	–	99	–
Commodity risk					
Fuel oil swaps					
– Fuel oil swap ($ per MT)	375.00–619.50	–	544	158	–
– Fuel oil swap ($ per BBL)	72.30–87.23	–	462	143	–

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Cash Flow Hedges *(cont'd)*

(S$ million)	Rate ($)	Interest rate (%)	Maturity: Within 1 year	Maturity: Between 1 and 5 years	Maturity: More than 5 years
2022					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
– SGD / USD	0.70–0.75	–	49	–	–
– USD / SGD	1.33–1.42	–	258	56	–
– EUR / SGD	1.43	–	6	–	–
Interest rate risk					
Interest rate swap (IRS)					
– Float-to-fixed	–	1.05–2.92	105	1,176	168
Foreign currency and interest rate risk					
Cross currency swaps					
– EUR / SGD	1.80	–	–	99	–
– Float-to-fixed (USD / VND)	23,085–23,185	9.08–10.24	4	13	–
Commodity risk					
Fuel oil swaps					
– Fuel oil swap ($ per MT)	253.00–641.00	–	265	29	–
– Fuel oil swap ($ per BBL)	51.28–93.92	–	88	–	–
– Fuel oil swap ($ per MMBTU)	9.30–67.50	–	209	–	–
Electricity futures market contracts	289.85–326.00	–	4	–	–

The amounts at the balance sheet date relating to items designated as hedged items are as follows:

(S$ million)	Cash flow hedge reserve for continuing hedges 2023	Cash flow hedge reserve for continuing hedges 2022
Foreign currency risk		
Highly probable purchases	(14)	(5)
Highly probable equity injection	*	(1)
Payments	*	1
Interest rate risk		
Variable rate borrowings	28	42
Other financial liabilities	5	16
Foreign currency and interest rate risk		
Fixed rate borrowings	*	7
Commodity risk		
Highly probable purchases	*	(16)
Fuel oil price	*	24

The amounts related to items designated as hedging instruments and hedge ineffectiveness are as follows:

	Foreign currency risk: Forward foreign exchange contracts / Forex swap contracts	Interest rate risk: Interest rate swaps	Foreign currency risk and interest rate risk: Cross currency swaps	Commodity risk: Fuel oil swaps	Commodity risk: Electricity futures market contracts	Total
2023						
Nominal amount – S$ million	677	1,436	99	1,307	–	3,519
Quantity	–	–	–	1,234,794 MT and 5,781,287 BBL	–	1,234,794 MT and 5,781,287 BBL
Carrying amount – S$ million						
Other financial assets	*	38	4	40	–	82
Other financial liabilities	17	–	1	40	–	58
Fair value increase / (decrease) – S$ million						
Hedging instruments	(15)	(34)	(2)	(5)	–	(56)
Hedged items	15	34	2	5	–	56
Hedge ineffectiveness	*	–	–	–	–	*
Reconciliation of hedging reserve – S$ million						
Changes in fair value	(15)	(34)	(2)	(5)	–	(56)
Amounts reclassified to profit or loss:						
– Turnover	–	–	–	(2)	1	(1)
– Cost of goods sold	2	–	–	(4)	–	(2)
Amount reclassified to cost of investment in a subsidiary	1	–	–	–	–	1
						(58)
Transfer of reserve						5
Tax on above items						11
Change in hedging reserve						(42)
Share of other comprehensive income of associates and joint ventures						(6)
Movement during the year						**(48)**

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Cash Flow Hedges *(cont'd)*

	Foreign currency risk	Interest rate risk	Foreign currency risk and interest rate risk	Commodity risk		
	Forward foreign exchange contracts / Cash	Interest rate swaps	Cross currency swaps	Fuel oil swaps	Electricity futures market contracts	Total
2022						
Nominal amount – S$ million	369	1,449	116	591	4	2,529
Quantity	–	–	–	486,404 MT, 739,123 BBL, and 4,830,000 MMBTU	–	486,404 MT, 739,123 BBL, and 4,830,000 MMBTU
Carrying amount – S$ million						
Other financial assets	1	73	4	24	1	103
Other financial liabilities	5	–	*	78	–	83
Fair value increase / (decrease) – S$ million						
Hedging instruments	(2)	106	2	201	11	318
Hedged items	2	(106)	(2)	(201)	(11)	(318)
Hedge ineffectiveness	*	–	–	–	–	*
Reconciliation of hedging reserve – S$ million						
Changes in fair value	(2)	106	2	201	11	318
Amounts reclassified to profit or loss:						
– Turnover	–	–	–	8	19	27
– Cost of goods sold	(3)	–	–	(251)	–	(254)
– Other operating income	–	–	–	(114)	–	(114)
Amount reclassified to cost of investment in a subsidiary	*	–	–	–	–	*
						(23)
Tax on above items						9
Change in hedging reserve						(14)
Share of other comprehensive income of associates and joint ventures						63
Movement during the year						**49**

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting:

(S$ million)	Cash flow hedge reserve 2023	Cash flow hedge reserve 2022
Balance at January 1	93	48
Movement during the year		
Changes in fair value:		
– Foreign currency risk	(15)	(2)
– Interest rate risk	(34)	106
– Foreign currency and interest rate risk	(2)	2
– Commodity risk	(5)	212
Amount reclassified to profit or loss:		
– Foreign currency risk	2	(3)
– Commodity risk	(5)	(338)
Amount reclassified to cost of investment in a subsidiary	1	*
Tax on movements on reserves during the year	11	9
Transfer of reserve	5	–
Share of other comprehensive income of associates and joint ventures	(6)	63
	(48)	49
Share of non-controlling interests	*	(4)
Balance at December 31	45	93

Net Investment Hedges

The Group's investments in its China (2022: UK and China) subsidiaries are hedged by CNH / SGD (2022: GBP / SGD and CNH / SGD) forward foreign exchange contracts (hedging instrument) respectively, which mitigate the currency risks arising from the subsidiaries' net assets. The carrying amounts of the hedging instruments of S$9 million (2022: S$23 million) and S$Nil (2022: S$12 million) are included in other financial assets and other financial liabilities respectively.

The notional amount of the contracts is S$195 million (2022: S$323 million). During the financial year, net hedging loss of S$35 million (2022: hedging loss of S$51 million) was recognised in other comprehensive income. As at December 31, 2023, the balance of foreign currency translation reserve for continuing hedges is a loss of S$101 million (2022: loss of S$20 million).

F3. Liquidity Risk

The Group manages its liquidity risk with a view to maintaining healthy level of cash and cash equivalents that corresponds with its operating environment and expected cash flows. Liquidity requirements are maintained within the credit facilities established and are adequate to meet the Group's obligations.

Maturity Profile of the Group's and Company's Financial Liabilities

The cash flows associated with the cash flow hedges of the Group are expected to occur within 1 year and between 1 and 5 years. Correspondingly, the cash flows related to the hedging instruments (foreign exchange contracts, fuel oil swaps, interest rate swaps, cross currency swaps and electricity futures) that are designated as cash flow hedges are expected to impact profit or loss within 1 year to 5 years and upon disposal, should it arise, of its investment in subsidiaries.

Approximately S$1,300 million (2022: S$1,100 million) of loans and borrowings are due within 12 months. The Group has at least S$1,900 million (2022: S$2,400 million) in committed credit facilities with final maturity dates beyond 2024 that can be drawn down.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F3. Liquidity Risk *(cont'd)*

Maturity Profile of the Group's and Company's Financial Liabilities *(cont'd)*

The table below analyses the maturity profile of the Group's and the Company's financial assets and liabilities (including derivative financial assets and liabilities) based on contractual undiscounted cash inflows / (outflows), including estimated interest payments and excluding the impact of netting agreements:

(S$ million)	Carrying amount	Contractual cash flow	Cash flows: Less than 1 year	Cash flows: Between 1 and 5 years	Cash flows: Over 5 years
Group					
2023					
Derivatives					
Derivative financial liabilities	83				
– inflow		736	539	197	–
– outflow		(821)	(604)	(217)	–
Derivative financial assets	(96)				
– inflow		797	643	154	–
– outflow		(701)	(574)	(127)	–
Non-derivative financial liabilities					
Trade and other payables[1]	1,593	(1,595)	(1,565)	(30)	–
Lease liabilities	310	(491)	(31)	(121)	(339)
Loans and borrowings	7,254	(8,693)	(1,565)	(3,988)	(3,140)
	9,144	(10,768)	(3,157)	(4,132)	(3,479)
2022					
Derivatives					
Derivative financial liabilities	122				
– inflow		555	426	129	–
– outflow		(683)	(528)	(155)	–
Derivative financial assets	(132)				
– inflow		293	132	161	–
– outflow		(169)	(58)	(111)	–
Non-derivative financial liabilities					
Trade and other payables[1]	1,671	(1,672)	(1,654)	(17)	(1)
Lease liabilities	287	(427)	(29)	(91)	(307)
Loans and borrowings	7,070	(8,593)	(1,205)	(2,809)	(4,579)
	9,018	(10,696)	(2,916)	(2,893)	(4,887)

[1] Excludes advance payments, deferred income, Goods and Services Tax and employee benefits

(S$ million)	Carrying amount	Contractual cash flow	Cash flows: Less than 1 year	Cash flows: Between 1 and 5 years	Cash flows: Over 5 years
Company					
2023					
Non-derivative financial liabilities					
Trade and other payables[1]	1,678	(1,911)	(363)	(1,548)	–
Lease liabilities	115	(174)	(15)	(32)	(127)
	1,793	(2,085)	(378)	(1,580)	(127)
2022					
Non-derivative financial liabilities					
Trade and other payables[1]	1,520	(1,599)	(210)	(1,389)	–
Lease liabilities	117	(179)	(14)	(32)	(133)
	1,637	(1,778)	(224)	(1,421)	(133)

[1] Excludes advance payments, deferred income, Goods and Services Tax and employee benefits

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss and fair value of the related hedging instruments:

(S$ million)	Carrying amount	Contractual cash flow	Cash flows: Less than 1 year	Cash flows: Between 1 and 5 years	Cash flows: Over 5 years
Group					
2023					
Derivative financial liabilities	58				
– inflow		462	265	197	–
– outflow		(520)	(303)	(217)	–
Derivative financial assets	(83)				
– inflow		199	65	134	–
– outflow		(116)	(7)	(109)	–
	(25)	25	20	5	–
2022					
Derivative financial liabilities	83				
– inflow		212	166	46	–
– outflow		(295)	(244)	(51)	–
Derivative financial assets	(103)				
– inflow		271	106	165	–
– outflow		(169)	(58)	(111)	–
	(20)	19	(30)	49	–

F. Our Financial Instruments and Risks Management *(cont'd)*

F4. Credit Risk

The Group only deals with pre-approved customers and financial institutions with good credit rating. To minimise the Group's counterparty risk, the Group enters into derivative transactions only with creditworthy institutions. Cash and fixed deposits are placed in banks and financial institutions with good credit rating. For some customers, the Group may also obtain security in the form of deposits, guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty defaults.

For the Company's amounts due from subsidiaries, the Company considers the financial assets to have a low credit risk by taking into consideration the Group's financial ability to settle the amounts, after estimating risk of default.

Accounting policies

The Group applies the simplified approach to provide ECL on trade and unbilled receivables as well as contract assets without significant financing component. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs. To measure expected lifetime ECLs, these balances have been grouped based on common credit risk characteristics and ageing profiles.

The loss allowance for service concession receivables is measured at 12-month ECL. When credit risk has increased significantly since initial recognition, loss allowance is measured at lifetime ECL.

A receivable balance is written-off to the extent that there is no realistic prospect of recovery.

For customers with credit ratings (or equivalent), the ECL rate is calculated based on probabilities of default and loss given default obtained from Standards and Poor's and Moody's. The Group monitors changes in credit risk by tracking published external credit ratings.

Customers with no credit ratings (or equivalent) are group based on shared credit risk characteristics and days past due, with ECL rates calculated using historical loss rates for each category of customers, adjusted to reflect current and forward-looking macroeconomic factors affecting the ability of customers to settle the receivables.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of financial asset have occurred. These events include probability of insolvency, significant financial difficulties of the customer and default or significant delay in payments.

When the Group determines whether the credit risk has increased significantly, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, taking into account forward-looking information. Customer collectability is assessed on an ongoing basis and any resulting impairment losses are recognised in profit or loss.

The maximum exposure to credit risk is the carrying amount of each financial asset (including derivatives) in the balance sheet, before taking into account any collateral held. The Group does not hold any collateral in respect of its financial assets, except for balances with customers where guarantees or security deposits are obtained.

The Group and Company have issued financial guarantees to certain banks in respect of credit facilities on behalf of the obligors (see Note C5(c)). These guarantees are subject to the impairment assessment under SFRS(I) 9.

The Group has assessed that the obligors have strong financial capacities to meet the contractual cash flow obligation in the near future and hence, does not expect significant credit losses from their guarantees. The Group's assessment is based on qualitative and quantitative factors that are indicative of the risk of default (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, if available, and applying experienced credit judgment).

The Company has not recognised any ECL provision as the Company believes the subsidiaries have sufficient resources to fulfil its obligations and the Company does not consider it probable that a claim will be made against the Company under the guarantee.

ECL assessment for customers with credit ratings (or equivalent)

The Group allocates exposure to credit risk by segmenting customers based on geographic region and industry classification.

(S$ million)	Equivalent to external credit rating	Credit impaired	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2023					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	AAA – B-	No	585	(6)	579
– Government	AAA – BB	No	331	(1)	330
– Retail	BBB+ – B-	No	18	(2)	16
– Others	BBB – B+	No	4	(1)	3
Service concession and related trade receivables (Note ii)	CC	No	347	(131)	216
			1,285	(141)	1,144
Receivables measured at 12-month ECL					
Service concession and related trade receivables	AAA – B+	No	667	(5)	662
Total			**1,952**	**(146)**	**1,806**
2022					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BBB – B	No	582	(7)	575
– Government	AAA – BB	No	287	*	287
– Retail	A+ – B-	No	17	(2)	15
– Others	A+ – A-	No	5	*	5
Service concession and related trade receivables (Note ii)	CC	No	359	(110)	249
			1,250	(119)	1,131
Receivables measured at 12-month ECL					
Service concession and related trade receivables	AAA – BB-	No	634	(4)	630
Total			**1,884**	**(123)**	**1,761**
Company					
2023					
Receivables measured at lifetime ECL					
Trade and other receivables					
– Industrial	BB+ – BBB-	No	40	(1)	39
– Government	AAA	No	4	–	4
– Others	AAA	No	*	–	*
			44	**(1)**	**43**
2022					
Receivables measured at lifetime ECL					
Trade and other receivables					
– Industrial	BB+ – B-	No	45	(1)	44
– Government	AAA	No	4	–	4
			49	**(1)**	**48**

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F4. Credit Risk *(cont'd)*

ECL assessment for customers with credit ratings (or equivalent) *(cont'd)*

i. As at December 31, 2023, 84% (2022: 84%) of service concession receivables relate to two major customers of the Group.

ii. In 2023, the economic situation in Myanmar has not improved and there has been escalating civil unrest and conflict in the country. The Group has assessed the potential risks that may cause severe and extended impact on the plant operations with the increased civil unrest and attacks observed in Myingyan and nearby towns. The Group has concluded that the credit risk has further increased and an additional S$23 million ECL has been provided.

In 2022, lifetime ECL was applied on the service concession receivables of Sembcorp Myingyan Power Company (SMPC) and a provision was made although there is no default on payment, as the Group has determined that the credit risk on the service concession receivables for SMPC has increased significantly, taking into consideration forward-looking information on the risk of foreign currency shortages, a weakening economy and Myanmar being categorised as a high-risk jurisdiction by the Financial Action Task Force, with increased risk of economic and financial sanctions.

iii. Other than (ii) above, there were no trade and other receivables and contract assets with significant increase in credit risk since initial recognition. There were also no credit impaired receivables at balance sheet date.

ECL assessment for customers without credit ratings (or equivalent)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for customers with no credit rating or no representative credit rating or equivalent:

(S$ million)	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2023					
Not past due	No	3.4%	87	(3)	84
Past due 0 to 3 months	No	2.9%	34	(1)	33
Past due 3 to 6 months	No	4.8%	21	(1)	20
Past due 6 to 12 months	No	37.5%	8	(3)	5
More than 1 year	Yes	77.8%	36	(28)	8
Total			186	(36)	150
2022					
Not past due	No	2.3%	88	(2)	86
Past due 0 to 3 months	No	2.7%	37	(1)	36
Past due 3 to 6 months	No	3.3%	30	(1)	29
Past due 6 to 12 months	No	16.7%	6	(1)	5
More than 1 year	Yes	82.6%	23	(19)	4
Total			184	(24)	160

(S$ million)	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Company					
2023					
Not past due	No	1.1%	95	(1)	94
Past due 0 to 3 months	No	–	12	–	12
Past due 3 to 6 months	No	–	1	–	1
Past due 6 to 12 months	No	–	2	–	2
More than 1 year	No	–	2	–	2
Total			112	(1)	111
2022					
Not past due	No	2.2%	92	(2)	90
Past due 0 to 3 months	No	–	20	–	20
Past due 3 to 6 months	No	–	*	–	*
Past due 6 to 12 months	No	–	2	–	2
More than 1 year	No	–	3	–	3
Total			117	(2)	115

For the remaining financial assets at amortised cost amounting to S$330 million (2022: S$288 million) which include deposits in margin accounts, long-term fixed deposits with financial institutions, convertible loan, dividends receivables and GST receivables, the Group considered the risk that a credit loss may occur, and recognised a loss allowance of S$14 million (2022: S$16 million).

Movements in loss allowances

		2023			2022		
(S$ million)	Note	12-month ECL	Lifetime ECL	Total	12-month ECL	Lifetime ECL	Total
Group							
Balance at January 1		4	159	163	11	66	77
Currency translation difference		*	(3)	(3)	*	(7)	(7)
Impairment loss recognised		1	23	24	*	113	113
Allowance written back		–	(4)	(4)	–	(16)	(16)
Acquisition of subsidiaries		–	18	18	–	–	–
Transfer to assets held for sale		–	–	–	–	(3)	(3)
Loss allowance utilised		–	(2)	(2)	–	(1)	(1)
Transfer to lifetime ECL		–	–	–	(7)	7	–
Balance at December 31	E1	5	191	196	4	159	163
Company							
Balance at January 1		–	2	2	–	1	1
Impairment loss recognised		–	*	*	–	1	1
Loss allowance utilised		–	(1)	(1)	–	–	–
Balance at December 31	E1	–	1	1	–	2	2

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F5. Financial Instruments

Accounting policies

SFRS(I) 13 establishes a fair value hierarchy that prioritises the inputs used to measure fair value. The three levels of the fair value input hierarchy defined by SFRS(I) 13 are as follows:

- Level 1 – Using quoted prices (unadjusted) from active markets for identical financial instruments.
- Level 2 – Using inputs, other than those used for Level 1, that are observable for the financial instruments either directly (prices) or indirectly (derived from prices).
- Level 3 – Using inputs not based on observable market data (unobservable input).

Securities

The fair value of financial assets is based on quoted market prices (bid price) in an active market at the balance sheet date without any deduction for transaction costs. If the market for a quoted financial asset is not active, and for unquoted financial assets, the Group establishes fair value by using other valuation techniques.

Derivatives

Derivatives are used by the Group for hedging. These derivatives are mainly foreign exchange contracts, foreign exchange swaps, interest rate swaps, cross currency swaps, fuel oil swaps and electricity futures.

1. The fair value of foreign exchange contracts and foreign exchange swaps are accounted for based on the difference between the contractual price and the current forward market price.
2. The fair values of interest rate swaps and cross currency swaps are the indicative amounts that the Group is expected to receive or pay to terminate the swap with the swap counterparties at the balance sheet date.
3. The fair value of fuel oil swaps and electricity futures is accounted for based on difference between the contractual strike price with the counterparty and the current forward market price.
4. CFDs are accounted for based on the difference between the contracted price entered into with the counterparty and the reference price. The fair value of the CFDs would need to be adjusted to reflect the illiquidity. However, there have been minimal trades made in the electricity future market. There is also no fixed quantity stated in the agreement. As such, the fair value of the CFDs cannot be measured reliably. Upon settlement, the gains and losses for CFDs are taken to profit or loss.

Non-derivative non-current financial assets and liabilities

Carrying amount of non-derivative non-current financial assets and liabilities on floating interest rate terms are assumed to approximate their fair value because of the short period to repricing. Fair values for the remaining non-derivative non-current financial assets and liabilities are calculated using discounted expected future principal and interest cash flows at the market rate of interest at the balance sheet date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, which is the fair value of the consideration given or received. When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

For financial instruments not actively traded in the market, fair value is determined by independent third party or by various valuation techniques, with assumptions based on existing market conditions at each balance sheet date.

a. Fair Value Hierarchy

Financial assets and financial liabilities carried at fair value

	Fair value measurement			
(S$ million)	Level 1	Level 2	Level 3	Total
Group				
At December 31, 2023				
Financial assets at FVOCI	–	–	46	46
DPN receivable	–	–	1,816	1,816
Other financial assets at FVTPL	63	–	31	94
Derivative financial assets	–	96	–	96
	63	96	1,893	2,052
Financial liabilities at FVTPL	–	(1)	(133)	(134)
Derivative financial liabilities	–	(83)	–	(83)
	–	(84)	(133)	(217)
	63	12	1,760	1,835
At December 31, 2022				
Financial assets at FVOCI	–	–	53	53
Financial assets at FVTPL	37	–	32	69
Derivative financial assets	–	132	–	132
	37	132	85	254
Financial liabilities at FVTPL	–	(3)	(151)	(154)
Derivative financial liabilities	–	(122)	–	(122)
	–	(125)	(151)	(276)
	37	7	(66)	(22)

There have been no transfers between the different levels of the fair value hierarchy at December 31, 2023 and December 31, 2022.

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances of Level 3 financial instruments measured at FVOCI and FVTPL:

	Group			
(S$ million)	Financial assets at FVOCI	DPN receivable	Other financial assets at FVTPL	Financial liabilities at FVTPL
Balance at January 1, 2023	53	–	32	(151)
Addition	–	2,038	5	–
Translation adjustment	–	–	–	6
Net change in fair value	(7)	133	(6)	–
(Receipt) / Payment	–	(355)	–	12
Balance at December 31, 2023	46	1,816	31	(133)
Balance at January 1, 2022	53	–	28	–
Addition	–	–	10	(141)
Translation adjustment	–	–	–	9
Net change in fair value	*	–	(4)	(19)
Disposal	–	–	(2)	–
Balance at December 31, 2022	53	–	32	(151)

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F5. Financial Instruments *(cont'd)*

a. Fair Value Hierarchy *(cont'd)*

Financial assets and financial liabilities carried at fair value *(cont'd)*

Level 3 fair values (cont'd)

Level 3 financial assets at FVOCI includes unquoted equity shares. The fair value of the unquoted equity shares is determined by reference to the investment's adjusted net asset values as stated in the unaudited financial statements. The estimated fair value would increase / decrease if the net asset values for unquoted equity shares were higher / lower.

The DPN receivable was recognised in January 2023 at the completion of the sale of SEIL. DPN is measured at fair value based on the contractual terms of the sale (Note H1).

Level 3 other financial assets at FVTPL includes unquoted funds. The fair value of the unquoted funds is based on the latest available unaudited net asset values of the underlying funds provided by the administrator of those funds on the basis that their net asset values approximate their fair value at balance sheet date. The key unobservable inputs include net asset value for fund investments and / or recent transaction price among investors. The estimated fair value would increase / decrease if the net asset values for fund investments were higher / lower, or if the recent transaction prices were higher / lower.

Financial liabilities at FVTPL in Level 3 relate to the contingent consideration on acquisition of HYNE in 2022. In determining the fair value of the contingent consideration, the Group has applied judgement in evaluating the probability and timing of fulfilment, taking into consideration past experiences and changes to market, economic or legal environment in China.

Assets and liabilities not carried at fair value

The following table shows assets and liabilities not carried at fair value but for which fair values are disclosed, except financial assets and financial liabilities whose carrying amounts measured at amortised cost approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

	Fair value measurement			
(S$ million)	Level 1	Level 2	Level 3	Total
Group				
At December 31, 2023				
Investment properties	–	–	204	204
Associate	113	–	–	113
Service concession receivables	–	1,756	–	1,756
Non-current loans and borrowings	–	(5,887)	–	(5,887)
At December 31, 2022				
Investment properties	–	–	187	187
Associate	88	–	–	88
Service concession receivables	–	1,644	–	1,644
Non-current loans and borrowings	–	(5,776)	–	(5,776)
Company				
At December 31, 2022				
Amounts due to related parties	–	(1,356)	–	(1,356)

b. Fair Value versus Carrying Amount

The fair value of financial assets and financial liabilities measured at amortised cost approximate their carrying amounts, except for the following:

(S$ million)	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
Group				
At December 31, 2023				
Service concession receivables	843	–	843	1,756
Non-current loans and borrowings	–	(5,973)	(5,973)	(5,887)
At December 31, 2022				
Service concession receivables	897	–	897	1,644
Non-current loans and borrowings	–	(5,974)	(5,974)	(5,776)
Company				
At December 31, 2022				
Amounts due to related parties	–	(1,358)	(1,358)	(1,356)

Notes to the Financial Statements

G. Our Group Structure

This section provides key information on the Group's interests in joint arrangements, controlled entities and transactions with non-controlling interests. It also provides information on business acquisitions and disposals made during the year as well as information relating to Group's related parties, including related party transactions.

During the year, the Group made three significant acquisitions, requiring the purchase price to be allocated to the fair value of the identifiable assets (including intangible assets) acquired and liabilities assumed.

Judgement is required in determining the classification of the acquisitions as asset acquisitions or business combinations. There is judgement and inherent uncertainty involved in the valuation of the assets and liabilities as well as settlement of any existing litigations between the parties.

The Group has used provisional amounts of purchase price allocation for the accounting of these acquisitions and has a one-year measurement period from the acquisition date to complete the accounting for the acquisitions. Fair value adjustments may arise on the completion of respective final purchase price allocations due to the estimation uncertainty involved.

G1. Subsidiaries

Accounting policies

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses.

Investment in Subsidiaries

	Company	
(S$ million)	December 31, 2023	December 31, 2022
At cost and carrying value:		
Unquoted equity shares	2,215	2,016
Preference shares	288	288
Share-based payments reserve	(5)	5
	2,498	2,309

During the year, the Company has increased its investment into Sembcorp Environment Pte Ltd's share capital, to fund its acquisition of the energy-from-waste plant from Sembcorp Cogen Pte Ltd as part of the Group's re-organisation.

Subsidiaries

Details of key subsidiaries of the Group are as follows:

		Effective equity held by the Group	
Name of key subsidiary	Country of incorporation	2023 %	2022 %
Sembcorp Utilities Pte Ltd (SCU)[1]	Singapore	100.00	100.00
Sembcorp Cogen Pte Ltd[1]	Singapore	100.00	100.00
Sembcorp Gas Pte Ltd[1]	Singapore	100.00	100.00
Sembcorp Power Pte Ltd[1]	Singapore	100.00	100.00
Sembcorp Environment Pte. Ltd.[1]	Singapore	100.00	100.00
SembWaste Pte Ltd[1]	Singapore	100.00	100.00
Sembcorp Development Ltd[1]	Singapore	100.00	100.00
Singapore Technologies Industrial Corp Ltd[1]	Singapore	100.00	100.00
Vietnam Singapore Industrial Park Pte Ltd[1]	Singapore	96.59	96.59
Sembcorp Utilities (UK) Limited[2]	United Kingdom	100.00	100.00
Sembcorp Energy UK Limited[2]	United Kingdom	100.00	100.00
Nanjing Riverside Quay Co., Ltd[2]	China	100.00	100.00
Sembcorp Myingyan Power Company Limited[2]	Myanmar	100.00	100.00
Sembcorp North-West Power Company Ltd.[2]	Bangladesh	71.00	71.00
Green Infra Wind Energy Limited[3,4]	India	100.00	100.00
Vector Green Energy Private Limited[3]	India	100.00	100.00
Sembcorp Energy (Shanghai) Holding Co., Ltd (SESH)[2]	China	100.00	100.00
Sembcorp Huiyang New Energy (Shenzhen) Co., Ltd[2]	China	98.00	98.00

1 Audited by KPMG LLP, Singapore
2 Audited by member firms of KPMG International
3 Audited by PricewaterhouseCoopers, India
4 During the year, Sembcorp Green Infra Limited (SGIL) has amalgamated into GIWEL and is now known as GIWEL

G2. Non-controlling Interests

There are no subsidiaries with material NCI for financial year ended December 31, 2023 and December 31, 2022.

G3. Associates and Joint Ventures

Accounting policies

Associates are those entities in which the Group has significant influence, but no control or joint control, over the financial and operating policies of these entities.

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group has significant influence over another entity. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group has joint control over the entity.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*
G3. Associates and Joint Ventures *(cont'd)*

(S$ million)	Note	Group December 31, 2023	Group December 31, 2022
Associates and joint ventures	i	2,630	2,526
Loan to associate	ii	55	58
		2,685	2,584
Less: Allowance for impairment		(289)	(297)
	a, b	2,396	2,287

i. During the year, Beijing Energy Sembcorp (Hainan) International Renewables Co., Ltd (BESH), the Group's 49%-owned joint venture, acquired the entire interest in three solar projects with an equity consideration of S$102 million.

ii. The loan to an associate is unsecured, bears interest at 8.5% per annum and has no fixed terms of repayment. The settlement of the amount is neither planned nor likely to occur in the foreseeable future and hence the loan is recognised within investment in associate. Allowance for impairment on this loan is insignificant.

iii. In 2023, the Group received dividends of S$189 million (2022: S$93 million) from its investments in associates and joint ventures.

iv. The carrying value includes goodwill on acquisition as follows:

(S$ million)	Group 2023	Group 2022
Balance at January 1	2	*
Addition	–	4
Impairment	–	(2)
Balance at December 31	2	2

a. Associates

Details of the Group's key associates are as follows:

Name of key associate	Nature of relationship with the Group	Country of incorporation	Effective equity held by the Group 2023 %	Effective equity held by the Group 2022 %
Gas and Related Services				
Sembcorp Salalah Power and Water Company SAOG[1]	Generation of electric energy	Oman	40.00	40.00
Renewables				
SDIC New Energy Investment Co., Ltd[2]	Project investment; investment management; technology development, transfer, training and promotion; technical, economic and trade consultation and services; and renewable power generation	China	35.11	35.11
Hunan Xingling New Energy Co., Ltd.[3]	Renewable power generation, power transmission and distribution businesses	China	45.30	45.30
Integrated Urban Solutions				
Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd[4]	First-grade land development including building infrastructure and public amenities	China	21.50	21.50

[1] Audited by member firms of KPMG International
[2] Audited by BDO China Shu Lun Pan Certified Public Accountant LLP
[3] Audited by Baker Tilly Certified Public Accountants Co., Ltd, China
[4] Audited by Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd, China

There is one (2022: one) individual associate that is considered to be material to the Group as at December 31, 2023. Summarised financial information of the associates is presented as follows:

(S$ million)	SDIC New Energy Investment Co., Ltd 2023	SDIC New Energy Investment Co., Ltd 2022
Revenue	413	353
Profit for the year	127	123
Other comprehensive income	–	–
Total comprehensive income	127	123
Attributable to non-controlling interests	4	4
Attributable to investee's shareholders	123	119

(S$ million)	SDIC New Energy Investment Co., Ltd December 31, 2023	SDIC New Energy Investment Co., Ltd December 31, 2022
Non-current assets	2,673	1,971
Current assets	641	755
Non-current liabilities	(1,448)	(1,281)
Current liabilities	(559)	(504)
Net assets	1,307	941
Attributable to non-controlling interests	24	24
Attributable to investee's shareholders	1,283	917

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G3. Associates and Joint Ventures *(cont'd)*

a. Associates *(cont'd)*

(S$ million)	SDIC New Energy Investment Co., Ltd	Individually immaterial associates	Total
Group's interest in net assets of investees at January 1, 2023	389	731	1,120
Group's share of:			
Profit from continuing operations	43	59	102
Other comprehensive income	–	(3)	(3)
Total comprehensive income	43	56	99
Dividends received during the year	–	(23)	(23)
Translation during the year	(18)	(23)	(41)
Addition during the year, net of disposal	36	11	47
Carrying amount of interest in investees at December 31, 2023	450	752	1,202
Group's interest in net assets of investees at January 1, 2022	–	516	516
Group's share of:			
Profit from continuing operations	38	39	77
Other comprehensive income	–	35	35
Total comprehensive income	38	74	112
Dividends received during the year	–	(11)	(11)
Translation during the year	(33)	(49)	(82)
Addition during the year, net of disposal	384	201	585
Carrying amount of interest in investees at December 31, 2022	389	731	1,120

The fair value of the equity interest of a listed associate amounted to S$113 million (2022: S$88 million) based on the last transacted market price on the last transaction day of the year.

b. Joint Ventures

Details of the Group's key joint ventures are as follows:

Name of key joint venture	Nature of relationship with the Group	Country of incorporation	Effective equity held by the Group 2023 %	Effective equity held by the Group 2022 %
Gas and Related Services				
Shanghai Cao Jing Co-generation Co. Ltd[1]	Production of electricity and steam, supply of steam to customers, supply of electricity to the power grid and production and sale of other relevant products	China	30.00	30.00
Emirates Sembcorp Water & Power Company P.J.S.C[2]	Development, possession, operation and maintenance of production, power generation and water desalination projects	United Arab Emirates	40.00	40.00
Renewables				
Guohua AES (Huanghua) Wind Power Co., Ltd (HH)[3]	Development, construction and operation of wind farms as well as provision of wind power technical consultation and services, training and research, development and engineering support services	China	49.00	49.00
Integrated Urban Solutions				
Vietnam Singapore Industrial Park J.V. Co., Ltd. (VSIP)[4]	Development of industrial parks, residential areas and commercial areas for sale and lease	Vietnam	49.26	49.26

[1] Audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company
[2] Audited by Deloitte & Touche (M.E.)
[3] Audited by Baker Tilly Certified Public Accountants Co., Ltd, China
[4] Audited by member firms of KPMG International

As at December 31, 2023, HH is directly held by SESH, previously held through Sembcorp Huanghua Wind Power Co Pte Ltd, a wholly owned subsidiary of SCU.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G3. Associates and Joint Ventures *(cont'd)*

b. Joint Ventures *(cont'd)*

The Group has two (2022: two) joint ventures that are material and a number of joint ventures that are individually immaterial to the Group. All are equity accounted. Summarised financial information of the joint ventures is presented as follows:

(S$ million)	Vietnam Singapore Industrial Park JV Co., Ltd. 2023	Vietnam Singapore Industrial Park JV Co., Ltd. 2022	Guohua AES (Huanghua) Wind Power Co., Ltd. 2023	Guohua AES (Huanghua) Wind Power Co., Ltd. 2022
Revenue	447	523	120	117
Profit for the year[1]	98	131	49	40
Other comprehensive income	(37)	(37)	6	–
Total comprehensive income	61	94	55	40
Attributable to non-controlling interests	7	10	–	–
Attributable to investee's shareholders	54	84	55	40

[1] Includes depreciation and amortisation from VSIP and HH of S$13 million and S$40 million (2022: S$13 million and S$43 million), finance income of S$13 million and S$1 million (2022: S$14 million and S$1 million), finance cost of S$15 million and S$8 million (2022: S$13 million and S$12 million) and income tax expense of S$26 million and S$12 million (2022: S$33 million and S$9 million), respectively.

(S$ million)	Vietnam Singapore Industrial Park JV Co., Ltd. December 31, 2023	Vietnam Singapore Industrial Park JV Co., Ltd. December 31, 2022	Guohua AES (Huanghua) Wind Power Co., Ltd. December 31, 2023	Guohua AES (Huanghua) Wind Power Co., Ltd. December 31, 2022
Non-current assets	237	239	527	587
Current assets[1]	1,705	1,184	171	241
Non-current liabilities[2]	(727)	(261)	(185)	(267)
Current liabilities[3]	(453)	(351)	(115)	(119)
Net assets	762	811	398	442
Attributable to non-controlling interests	124	117	–	–
Attributable to investee's shareholders	638	694	398	442

[1] Includes cash and cash equivalents from VSIP of S$407 million (2022: S$374 million) and HH of S$16 million (2022: S$111 million).

[2] Includes non-current financial liabilities (excluding trade and other payables and provisions) from VSIP of S$640 million (2022: S$173 million) and HH of S$185 million (2022: S$267 million).

[3] Includes current financial liabilities (excluding trade and other payables and provisions) from VSIP of S$204 million (2022: S$145 million) and HH of S$65 million (2022: S$66 million).

In 2023, VSIP's higher current assets and non-current liabilities included loan drawdown to fund the construction of the industrial park.

(S$ million)	Vietnam Singapore Industrial Park JV Co., Ltd.	Guohua AES (Huanghua) Wind Power Co., Ltd	Individually immaterial joint ventures	Total
Group's interest in net assets of investees at January 1, 2023	354	213	600	1,167
Group's share of:				
Profit from continuing operations	45	24	95	164
Other comprehensive income	–	3	2	5
Total comprehensive income	45	27	97	169
Dividends received during the year	(57)	(36)	(73)	(166)
Translation during the year	(17)	(5)	(13)	(35)
Elimination of unrealised profit	(2)	–	–	(2)
Addition during the year, net of disposal and impairment	–	–	105	105
Capital reduction during the year	–	–	(44)	(44)
Carrying amount of interest in investees at December 31, 2023	323	199	672	1,194
Group's interest in net assets of investees at January 1, 2022	311	237	536	1,084
Group's share of:				
Profit from continuing operations	62	20	89	171
Other comprehensive income	–	–	29	29
Total comprehensive income	62	20	118	200
Dividends received during the year	–	(22)	(60)	(82)
Translation during the year	(19)	(22)	(33)	(74)
Addition during the year, net of disposal and impairment	–	–	39	39
Carrying amount of interest in investees at December 31, 2022	354	213	600	1,167

i. The Group's share of the capital commitments of the joint ventures at the balance sheet date amounted to S$80 million (2022: S$83 million).

ii. The Group's interest in joint ventures with total carrying amount of S$118 million (2022: S$124 million) as at balance sheet date has been pledged to banks to secure credit facilities granted to the joint venture entities.

iii. The impairment in 2022 pertained to an investment in UK. The amount mainly related to project expenses incurred by the company.

iv. The Group has fully impaired the carrying value of S$212 million interest in Chongqing Songzao Sembcorp Electric Power Co., Ltd (CSZ) in 2021. Post impairment, the Group no longer equity accounts the results of CSZ as the Group's cumulative share of losses exceeds its interests in CSZ. As at December 31, 2023, the Group's share of the unrecognised losses of CSZ was S$11 million (2022: S$22 million).

v. During the year, proceeds from the capital reduction of a joint venture in China was settled against an amount due to joint venture of S$44 million (Note G4).

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Related Party Information

a. Amounts Due from Related Parties

(S$ million)	Note	Associates December 31, 2023	Associates December 31, 2022	Joint ventures December 31, 2023	Joint ventures December 31, 2022	Related companies December 31, 2023	Related companies December 31, 2022	Total December 31, 2023	Total December 31, 2022
Group									
Trade		5	7	1	1	59	60	65	68
Non-trade		2	2	5	5	4	3	11	10
Dividends		–	2	37	9	–	–	37	11
Loans		*	*	1	1	–	–	1	1
	E1	7	11	44	16	63	63	114	90
Loss allowance		(1)	(1)	(10)	(10)	(1)	(1)	(12)	(12)
		6	10	34	6	62	62	102	78
Amount due within 1 year		(6)	(10)	(31)	(3)	(62)	(62)	(99)	(75)
Amount due more than 1 year		–	–	3	3	–	–	3	3

The non-trade amounts due from related parties are unsecured, repayable on demand and interest-free.

In 2023 and 2022, loss allowance mainly pertained to a dividend receivable from a joint venture which was impaired (see G3(b)(iv)).

(S$ million)	Note	Subsidiaries December 31, 2023	Subsidiaries December 31, 2022
Company			
Current:			
– Trade		30	40
	E1	30	40

b. Amounts Due to Related Parties

(S$ million)	Note	Holding company December 31, 2023	Holding company December 31, 2022	Associates December 31, 2023	Associates December 31, 2022	Joint ventures December 31, 2023	Joint ventures December 31, 2022	Related companies December 31, 2023	Related companies December 31, 2022	NCI December 31, 2023	NCI December 31, 2022	Total December 31, 2023	Total December 31, 2022
Group													
Current:													
– Trade		–	*	*	*	*	*	5	6	–	–	5	6
– Non-trade		–	–	*	*	6	45	7	6	1	–	14	51
	E3	–	*	*	*	6	45	12	12	1	–	19	57

The non-trade amounts due to related parties are unsecured, repayable on demand and interest-free.

In 2022, amount due to joint ventures included advance received for a capital reduction exercise of a joint venture in China. The capital reduction exercise was completed in 2023 (Note G3).

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Related Party Information *(cont'd)*

b. Amounts Due to Related Parties *(cont'd)*

(S$ million)	Note	Subsidiaries December 31, 2023	Subsidiaries December 31, 2022
Company			
Current:			
– Trade		*	*
– Non-trade		6	6
– Loans		145	–
	E3	151	6
Non-current:			
– Loans	E3	1,370	1,358
		1,521	1,364

The non-trade amounts due to related parties are unsecured, repayable on demand and interest-free.

The loans from a related party of S$1,515 million (2022: S$1,358 million) bear interest rates ranging from 3.72% to 4.90% (2022: 1.36% to 5.81%) per annum and are unsecured.

c. Related Party Transactions

In addition to the above, the Group had the following significant outstanding balances and transactions with related parties during the year:

(S$ million)	Outstanding balances December 31, 2023	Outstanding balances December 31, 2022	Transactions 2023	Transactions 2022
Related Corporations				
Sales	59	60	543	357
Purchases including rental	5	6	378	392
Finance income	4	3	12	5
Finance expense	7	6	27	20
Associates and Joint Ventures				
Sales	6	8	47	42
Purchases including rental	*	–	20	–
Finance income	4	1	5	5
Payment on behalf	–	–	3	4
Loans due from	1	1	–	–

d. Compensation of Key Management Personnel

The Group considers the Directors of the Company (including the Group President & CEO of the Company) and other personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group to be key management personnel in accordance with SFRS(I) 1-24 Related Party Disclosures.

The compensation of the six (2022: eight) key management personnel is included in the table below:

(S$ million)	Group 2023	Group 2022
Directors		
Directors' fees paid / payable	2	2
Key Management Personnel		
Short-term employee benefits[1]	15	15
Employer's contributions to defined contribution plans	*	*
Share-based compensation expenses	13	23

[1] Short-term employee benefits comprise of base salary, bonus and other benefits, excluding the fair value of shares vested during the year

The Group adopts an incentive compensation plan, which is tied to the creation of Economic Value Added (EVA), as well as attainment of individual and Group performance goals for its key executives. "A bonus bank" is used to hold incentive compensation credited in any year. Typically, one-third of the available balance is paid out in cash each year, with the balance being carried forward to the following year. The balances of the bonus bank will increase or decrease by the yearly EVA performance achieved and the pay-outs made from the bonus bank.

G5. Acquisition of Subsidiaries

Acquisition of Significant Subsidiaries

2023

On January 11, 2023, the Group completed the acquisition of a 100% interest in Vector Green, which consists of a portfolio of solar and wind assets. On December 6, 2023 and December 28, 2023, the Group completed the acquisition of a 100% interest in Qinzhou Yuanneng Wind Power Co., Ltd (Qinzhou Yuanneng) and Binyang County Santai Energy Technology Co., Ltd (Binyang Santai) (collectively China subsidiaries) respectively. These acquisitions will support the Group in achieving its 2028 target of attaining 25GW gross installed capacity in renewable energy, aligning with its transition from brown to green.

Vector Green

Vector Green contributed turnover of S$89 million and profit of S$18 million to the Group's results. As the completion date was in January 2023, management estimated that the change in contribution to turnover and profit for the year would not have been material if the acquisition was completed on January 1, 2023.

China subsidiaries

The China subsidiaries contributed turnover of S$5 million and profit of S$3 million to the Group's results. As the projects only achieved commercial operation in 4Q2023, management estimated that the contribution to turnover and profit for the year would not have been material should the acquisition be completed on January 1, 2023.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G5. Acquisition of Subsidiaries *(cont'd)*

Acquisition of Significant Subsidiaries *(cont'd)*

2023 *(cont'd)*

(S$ million)	Note	Vector Green (Note (i))	China Subsidiaries (Note (i))	Total
Purchase consideration				
Cash paid		450	112	562
Deferred Consideration	ii	–	35	35
Consideration transferred for the businesses		450	147	597
Effect on cash flows of the Group				
Cash paid		450	112	562
Less: Cash and cash equivalents in subsidiaries acquired		(49)	(11)	(60)
Cash outflow on acquisition		401	101	502
Identifiable assets acquired and liabilities assumed				
Property, plant and equipment		470	319	789
Intangible assets		164	90	254
Trade and other receivables		72	33	105
Other investments and derivative assets		57	–	57
Deferred tax assets		2	–	2
Cash and cash equivalents		49	11	60
Total assets		814	453	1,267
Trade and other payables		36	13	49
Deferred tax liabilities		65	27	92
Lease liabilities		7	4	11
Borrowings		354	262	616
Total liabilities		462	306	768
Identifiable net assets acquired		352	147	499
Add: Goodwill acquired		98	*	98
Consideration transferred for the businesses		450	147	597

The China subsidiaries' identifiable assets acquired, and liabilities assumed are inclusive of fair value adjustments, determined on provisional basis as of December 31, 2023.

i. Measurement of fair values

a. The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique	Key assumptions
Property, plant and equipment	Vector Green Depreciated replacement cost method	Vector Green Estimate of current cost for asset with a similar nature of asset having similar service potential, capacity and function
	China Subsidiaries Replacement cost method	China Subsidiaries Replacement cost derived from a markup on comparable companies' average gross margin
Intangible assets	Multi-period excess earnings method	Cash flows attributed to the power purchase agreements from date of acquisition to the end of the useful life of the respective generation plants of each project
		Remaining average contract tenure of 18 years for Vector Green and permits tenure of 20 years for the China subsidiaries
		Discount rate of 11.48% and 8.5% for Vector Green and the China subsidiaries respectively

b. The goodwill recognised is not expected to be deductible for tax purposes.

c. Acquisition-related costs amounting to S$2 million have been excluded from the consideration transferred and have been recognised within general & administrative expenses in profit or loss.

ii. The deferred consideration is payable on the fulfilment of the completion procedures and is expected to be paid within 2024. This amount was presented within trade and other payables in the balance sheet as at December 31, 2023.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G5. Acquisition of Subsidiaries *(cont'd)*

Acquisition of Significant Subsidiaries *(cont'd)*

2022

On June 1, 2022, the Group acquired a 98% equity stake in HYNE, which consists of a portfolio of operational wind and solar photovoltaic assets. The acquisition will enable the Group to scale its renewables capacity towards meeting its targets by 2025, as part of the brown to green transformation.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(S$ million)	Note	2022
Purchase consideration		
Cash paid		445
Deferred consideration	i	78
Contingent consideration	ii	157
Consideration transferred for the businesses		680
Effect on cash flows of the Group		
Cash paid		445
Less: Cash and cash equivalents in subsidiaries acquired		(95)
Cash outflow on acquisition		350
		At fair value
Identifiable assets acquired and liabilities assumed[1]		
Property, plant and equipment	D1	932
Intangible assets	D3	415
Deferred tax assets		*
Trade and other receivables	iv	434
Cash and cash equivalents		95
Total assets		1,876
Trade and other payables		168
Borrowings		881
Lease liabilities		11
Current tax payable		3
Deferred tax liabilities		104
Total liabilities		1,167
Total net identifiable assets		709
Less: Non-controlling interest measured on proportionate basis		(62)
Add: Goodwill acquired	D3	33
Consideration transferred for the businesses		680

[1] The above fair values of identifiable assets acquired, and liabilities assumed have been determined on provisional basis as of December 31, 2022. Estimation of the fair values was subject to the outcome of the nationwide audit on the subsidy. As of June 30, 2023 (i.e. end of one-year provisional period), there was no update to the outcome of the subsidy audit and the fair values are deemed finalised. Prior to the end of the provisional one-year period from the date of acquisition of HYNE (June 1, 2022), the consideration of the acquisition has decreased by S$3 million, with a corresponding reduction in goodwill by S$3 million.

i. The deferred consideration is payable at the earlier of obtaining the necessary subsidy financing for certain assets or two years from the acquisition date and was presented within trade and other payables in the balance sheet as at December 31, 2022.

ii. The contingent consideration arrangement was for payment of a defined quantum upon obtaining the necessary operating permits, securing subsidy financing and admission into the National Subsidy Catalog for certain projects within an agreed period.

The contingent consideration was presented within trade and other payables in the balance sheet as at December 31, 2022.

iii. Measurement of fair values
The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique	Key assumptions
Property, plant and equipment	Depreciated replacement cost method	Accounting useful life approximate the economic useful life of the property, plant and equipment
Intangible assets	Multi-period excess earnings method	Cash flows attributed to the power generation permits from June 1, 2022, to the end of the useful life of the respective generation plants of each project
		Remaining permits tenure of 23 to 25 years
		Discount rate of 8.2%

The assets acquired and liabilities assumed are determined on provisional basis and are subject to the outcome of a nationwide audit on the subsidy mentioned in (ii).

iv. Included in trade and other receivables are receivables which pertained mainly to the renewable energy subsidy tariff due from the Chinese authorities.

v. The goodwill recognised is not expected to be deductible for tax purposes.

vi. Acquisition-related costs amounting to S$2 million have been excluded from the consideration transferred and have been recognised within general & administrative expenses in profit or loss.

vii. HYNE contributed turnover of S$86 million and profit of S$18 million to the Group's results for the period from June 1, 2022 to December 31, 2022.

If the acquisition had occurred on January 1, 2022, management estimated that the consolidated turnover and profit for the full year ended December 31, 2022, would have increased from S$7,825 million to S$7,904 million and from S$871 million to S$900 million, respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition and related amortisation charges for the year would have been the same if the acquisition had occurred on January 1, 2022.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G6. Discontinued Operation and Disposal Group Held For Sale

Accounting policies

Assets or disposal groups are classified as assets held for sale and measured at the lower of carrying amount and fair value less costs to sell if they are expected to be recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held for sale.

Any impairment losses on initial classification and subsequent gains or losses on re-measurement are recognised in profit or loss. Subsequent increases in fair value less costs to sell are recognised in profit or loss (not exceeding the accumulated impairment loss that has been previously recognised).

Key estimates and judgements

The assessment on whether the Group has lost control of a subsidiary takes into consideration the terms of the sales, including the transaction structure. Judgements are applied in determining if there is a loss of control or influence of the subsidiary. Factors considered in the assessment for disposal during the year are described in the note.

The Group will continue to reassess whether it has control over the entity when relevant facts and circumstances change to such an extent that there is a change in one or more of the three elements of control or the overall relationship between the Group and the entity per SFRS(I) 10.

At December 31, 2022, SEIL was classified as a disposal group held for sale and as a discontinued operation. The sale of SEIL was completed on January 19, 2023. SEIL's 2023 results prior to the completion of the sale on January 19, 2023 were not taken in. This does not have a material impact on the profit for the year.

Loss of control

Post divestment of the Group's 100% equity stake in SEIL, the Group has indirect exposure to SEIL's operational and financial risks as a lender by virtue of the DPN issued to the Purchaser, extension of the corporate guarantees on an arm's length basis to certain SEIL's existing lenders and the provision of non-exclusive technical service to SEIL. Judgements were applied in determining the loss of control in SEIL based on the terms of the sale. The factors being considered include:

i. The Group does not have any voting rights, board representatives or decision-making authority in SEIL's operational and financial matters.

ii. Affirmative, negative and information covenants common in commercial project finance arrangements, were included as the terms of the DPN to ensure full recoverability of the DPN amount. Such rights are typical of project finance agreements and are not exclusive to the Group. They do not confer any power to direct SEIL's activities for any variable returns, similar to those of SEIL's then existing project finance loans.

iii. The corporate guarantee extended to SEIL's lenders was required as part of the consents from lenders for the change in shareholder of SEIL, under the terms of SEIL's then existing project finance arrangements. The Group charges a corporate guarantees fee at an arm's length basis to compensate for the risks assumed and is not a mechanism to extract returns from SEIL.

iv. The Group has also entered into Technical Service Agreement (TSA) to facilitate a smooth transition of the change in ownership in SEIL for the Purchaser. The Purchaser may request for advice from time to time so that it can run SEIL's operations reliably and efficiently, safeguarding the interest of SEIL's stakeholders, namely the power distribution customers, end users, employees, lenders, and the Indian Power system. The TSA can be terminated by either party with 30 days' notice in writing in accordance with the terms of the agreement.

The fees charged for TSA are at market rate on an arm's length basis, based on the scope as decided and requested by the Purchaser and SEIL, and not in accordance with the performance achieved by SEIL. The TSA is also not a mechanism to extract returns from SEIL, and the TSA fees are not linked to SEIL's returns and are not material relative to the earnings of SEIL.

v. The Group derives interest income as its return under the DPN. The interest rate is at 1.8% per annum plus benchmark rate equal to 10-year Indian government bond minus GHG emission intensity reduction incentive. As a lender under the DPN, the Group has no power nor significant influence over SEIL to affect the amounts of its return from SEIL. Like any other non-recourse project finance lender, the Group's recoverability of the DPN principal is subject to the downside risk of SEIL's ability to generate cashflow to repay the DPN principal.

Loss on disposal

The financial effects arising from the divestment of the discontinued operation are as follows:

(S$ million)	Group 2023
Net assets as at December 31, 2022 derecognised	1,938
Less: Realisation of currency translation, capital and other reserves upon disposal	133
Less: Transaction costs	42
Loss on disposal	(78)
Consideration received	2,035
Add: Stamp duties and tax	3
Less: DPN receivable	(2,038)
Net cash inflow	–

The loss on disposal of S$78 million was after realisation of an accumulated currency translation loss recognised in the foreign currency translation reserve of S$423 million and a gain in capital reserve and other reserves of S$290 million. Before realisation of these reserves, the sale was a gain of S$55 million.

i. Result of the discontinued operation

(S$ million)	Group 2022
Turnover	1,570
EBITDA	379
Depreciation and amortisation	(89)
Other non-cash expenses	(1)
Finance income	17
Finance cost	(134)
Profit before tax	172
Tax expense	(28)
Profit from discontinued operation, net of tax	**144**
Basic earnings per share – cents	8.08
Diluted earnings per share – cents	7.91

Earnings per share is computed using a weighted average number of shares and an adjusted weighted number of shares disclosed in Note B5(b).

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G6. Discontinued Operation and Disposal Group Held For Sale *(cont'd)*

ii. Cash flows of the discontinued operation

(S$ million)	Group 2022
Net cash from operating activities	256
Net cash from investing activities	42
Net cash used in financing activities	(299)
Net decrease in cash and cash equivalents	(1)

iii. Assets and liabilities of disposal group classified as held for sale

(S$ million)	Carrying amount at December 31, 2022
Assets held for sale	
Property, plant and equipment	2,406
Other financial assets	58
Trade and other receivables	719
Intangible assets	76
Inventories	137
Cash and cash equivalents	36
	3,432
Liabilities held for sale	
Trade and other payables	270
Lease liabilities	*
Provisions	2
Deferred tax liabilities	50
Borrowings	1,172
	1,494
Excess of assets over liabilities held for sale	1,938

H. Other Disclosures

H1. DPN Receivable, Other Investments and Derivatives

Accounting policies

Classification and Measurement

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classifies financial liabilities as measured at amortised cost or FVTPL.

Equity Investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The Group's equity investments are classified as FVOCI. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets and liabilities at FVTPL

All other financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI, as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial liability is classified as FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial assets and financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest income and expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Derecognition

The Group derecognises a financial asset when a) the contractual rights to the cash flows from the financial asset expire, or b) when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or if the Group neither transfers nor retains substantially all of the risks and rewards of ownership, it does not retain control of the financial asset.

The Group enters transactions whereby it transfers assets recognised in its balance sheet but retains either all or substantially all of its risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantively different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash transferred or liabilities assumed) is recognised in profit or loss.

Notes to the Financial Statements

H. Other Disclosures *(cont'd)*

H1. DPN Receivable, Other Investments and Derivatives *(cont'd)*

Key estimates and judgements

The fair value of the DPN has assumed that the Group will receive interest payments in accordance with a pre-agreed interest rate and principal repayment according to SEIL's cash distribution waterfall as agreed in the DPN agreement. The Group has performed a discounted cashflow using the forecasted distributable reserves available from SEIL, considering secured cash flows from various power purchase agreements and unsecured cash flows from contract renewals and/or new contracts. A discount rate is applied to the DPN to reflect the cash flow risks associated with the forecasted distributed dividends from SEIL and credit default risk of the Purchaser.

An increase in ten basis points on the discount rate would have reduced the fair value by S$10 million. Conversely, a ten basis points decrease would have increased the fair value by S$10 million. Judgements and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

		Assets		Liabilities	
(S$ million)	Note	Current	Non-current	Current	Non-current
2023					
DPN receivable	i	–	1,816		
Other Investments and Derivatives					
At FVOCI:					
– Equity shares		–	46		
At FVTPL:					
– Mutual funds	ii	63	31	–	–
– Cross currency swaps		–	2	25	–
– Interest rate swaps		–	*	–	–
– Forward foreign exchange contracts		2	–	*	–
– Foreign exchange swap contracts		1	–	*	–
		66	33	25	–
Hedge of net investment in foreign operations:					
– Foreign exchange swap contracts		–	1	–	–
– Forward foreign exchange contracts		8	–	–	–
		8	1	–	–
Cash flow hedges:					
– Forward foreign exchange contracts		*	–	9	8
– Fuel oil swaps		29	11	29	11
– Interest rate swaps		11	27	–	–
– Cross currency swaps		–	4	–	1
		40	42	38	20
At amortised cost:					
– Long-term fixed deposits		–	3		
– Redeemable preference shares		–	7		
		–	10		
Total		114	132	63	20

		Assets		Liabilities	
(S$ million)	Note	Current	Non-current	Current	Non-current
2022					
At FVOCI:					
– Equity shares		–	53		
At FVTPL:					
– Mutual funds	ii	37	32	–	–
– Cross currency swaps		1	3	–	16
– Interest rate swaps		–	*	–	2
– Forward foreign exchange contracts		*	–	–	–
– Foreign exchange swap contracts		–	–	8	–
– Other derivatives		2	–	1	*
		40	35	9	18
Hedge of net investment in foreign operations:					
– Forward foreign exchange contracts		23	–	11	1
Cash flow hedges:					
– Forward foreign exchange contracts		1	–	4	1
– Fuel oil swaps		24	*	75	3
– Interest rate swaps		–	73	–	–
– Cross currency swaps		–	4	–	*
– Electricity futures		1	–	–	–
		26	77	79	4
At amortised cost:					
– Long-term fixed deposits		–	17		
– Equity shares		–	1		
		–	18		
Total		89	183	99	23

i. The DPN receivable represents the consideration of the sale of SEIL. The DPN bears interest at a rate per annum equal to 1.8% plus a benchmark rate equal to the Indian government 10-year bond yield spot rate, minus a greenhouse gas emissions intensity reduction incentive rate. It is initially measured at fair value at the date of the sale, based on the contractual terms of the sale. Subsequent changes in fair value are recognised in profit or loss as DPN income in non-operating income or expense (Note B4).

The balance as at December 31, 2023, of S$1,816 million included a fair value gain of S$133 million for the year, net of receipts of S$355 million consisting of principal and interest repayment.

ii. Included in mutual funds are amounts of S$19 million (2022: S$35 million) pledged to secure loan facilities.

Notes to the Financial Statements

H. Other Disclosures *(cont'd)*

H2. Provisions

Accounting policies

A provision is an amount set aside based on reliable estimate to settle a probable legal or constructive obligation from a past event.

Key estimates and judgements

Estimates of the Group's obligations arising from contracts or regulations that exist as at balance sheet date may be affected by future events, which cannot be predicted with any certainty. The assumptions and estimates are made based on management's knowledge and experience and may vary from actual experience so that the actual liability may vary considerably from the best estimates.

Certain of the Group's subsidiaries are involved in claims, litigations, land disputes and other regulatory matters in certain countries at year end. Due to the nature of these disputes and matters, and in view of the uncertainty of the outcome, the Group believes that the amount of exposure cannot currently be reliably determined. Therefore, no provision has been recorded for these.

Provision for restoration cost

The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration provisions. Those estimates and assumptions deal with uncertainties such as: changes to the relevant legal and regulatory framework; the timing, extent and costs required. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provisions recognised are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the balance sheet by adjusting both the asset and provision. Such changes give rise to a change in future depreciation and interest charges.

Movements in provisions are as follows:

(S$ million)	Note	Claims (i)	Restoration costs (ii)	Remediation of legacy sites (iii)	Others (iv)	Total
Group						
2023						
Balance at January 1		2	69	20	13	104
Translation adjustments		*	1	1	*	2
Provisions made during the year		4	19	–	25	48
Provisions reversed during the year		*	*	(2)	(2)	(4)
Provisions utilised during the year		–	(2)	(7)	(1)	(10)
Unwind of accretion on restoration costs	C6	–	2	–	–	2
Balance at December 31		6	89	12	35	142
Provisions due:						
– within 1 year		6	45	11	15	77
– after 1 year but within 5 years		–	3	1	20	24
– after 5 years		–	41	–	–	41
		6	89	12	35	142

(S$ million)	Note	Claims (i)	Restoration costs (ii)	Remediation of legacy sites (iii)	Others (iv)	Total
2022						
Balance at January 1		8	43	32	21	104
Translation adjustments		*	(1)	(3)	(1)	(5)
Provisions made during the year		*	34	3	4	41
Provisions reversed during the year		(5)	(6)	(6)	(4)	(21)
Provisions utilised during the year		(1)	(3)	(6)	(5)	(15)
Transferred to liabilities held for sale	G6	–	–	–	(2)	(2)
Unwind of accretion on restoration costs	C6	–	2	–	–	2
Balance at December 31		2	69	20	13	104
Provisions due:						
– within 1 year		2	23	13	4	42
– after 1 year but within 5 years		–	2	7	9	18
– after 5 years		–	44	–	–	44
		2	69	20	13	104

(S$ million)	Claims (i)	Restoration costs (ii)	Others (iv)	Total
Company				
2023				
Balance at January 1	*	41	–	41
Provisions made during the year	1	10	–	11
Provisions reversed during the year	–	–	–	–
Provisions utilised during the year	–	*	–	*
Balance at December 31	1	51	–	52
Provisions due:				
– within 1 year	1	34	–	35
– after 5 years	–	17	–	17
	1	51	–	52
2022				
Balance at January 1	4	26	1	31
Provisions made during the year	–	22	–	22
Provisions reversed during the year	(4)	(6)	(1)	(11)
Provisions utilised during the year	–	(1)	–	(1)
Balance at December 31	*	41	–	41
Provisions due:				
– within 1 year	*	17	–	17
– after 5 years	–	24	–	24
	*	41	–	41

i. Provision for claims relates to the obligations arising from contractual and commercial arrangements in the Group's and the Company's operations, based on the best estimate of the possible outflow considering both contractual and commercial factors.

ii. Restoration costs relate to cost of dismantling and removing assets and restoring the premises to its original condition as stipulated in the agreements. The liability is expected to be incurred upon fulfilment of restoration obligation or termination of the lease.

H. Other Disclosures *(cont'd)*

H2. Provisions *(cont'd)*

iii. This relates to remediation obligations of certain legacy sites in the UK, which are expected to be utilised within one to three years. This provision has been determined with reference to external quotes from suppliers as well as management's best estimate of the costs to complete the remediation works.

iv. Others for the Group include provision for maintenance obligation based on contractual obligations to maintain the infrastructure and equipment to specified levels of serviceability under the service concession agreements. These provisions are measured at the best estimate of the expenditure required and timing of outflows, to settle the present obligation at the end of each reporting period.

Others for Company relates to incremental costs necessary to fulfil the obligation under the contract on early termination to cease the incineration plant business.

H3. Performance Guarantees

Group

As at December 31, 2023, the Group has provided performance guarantee to external parties amounting to S$2 million (December 31, 2022: S$264 million, mainly for the disposal group). The Group does not consider it probable that a claim will be made against the Group under these guarantees, as such there were no liabilities recognised.

Company

The Company has provided performance guarantees of S$80 million (2022: S$159 million) to a subsidiary, Sembcorp Cogen Pte Ltd (SembCogen) for two long-term agreements entered in Year 2010 for the purchase of a total of 20 BBtud (2022: 42 BBtud) (Billion British thermal units per day) of liquefied natural gas (LNG) from Shell Gas Marketing Pte Ltd (Shell) (formerly known as BG Singapore Gas Marketing Pte Ltd).

These agreements have a start date on May 7, 2013 and September 1, 2015 respectively, and have a term of 10 years and SembCogen has an option to extend the term by two successive periods of five years each, subject to fulfilment of conditions set in the agreements. As the contract which expired in May 2023 was not renewed, the Company's obligations under this contract have been discharged.

The Company believes that the subsidiary has sufficient resources to fulfil its contractual obligations and does not consider it probable that a claim will be made against the Company under these guarantees, as such there were no liabilities recognised.

H4. Subsequent Events

On February 13, 2024, the Group announced the completion of the acquisition of a 100% interest of the share capital in two special purpose vehicles (SPVs) of Leap Green Energy Private Limited. The SPVs own 228MW of operational wind assets in Madhya Pradesh, Maharashtra and Rajasthan, India. The equity consideration was INR4.4 billion (approximately S$71 million).

H5. New or Revised Accounting Standards and Interpretations Not Yet Effective

The following new SFRS(I)s, amendments to and interpretations of SFRS(I)s are effective for annual periods beginning after January 1, 2024:

Applicable to 2024 financial statements

Amendments to:

- *SFRS(I) 16: Lease Liability in a Sale and Leaseback*
- *SFRS(I) 1-7 Statement of Cash Flows and SFRS(I) 7 Financial Instruments Disclosures: Supplier Finance Arrangements*

Applicable to 2025 financial statements

- *Amendments to SFRS(I) 1-21: Lack of Exchangeability*

Mandatory effective date deferred

- *Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)*

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group does not expect significant impact on the financial statements upon the adoption of these new SFRS(I)s.

I. Supplementary Information

I1. Interested Person Transactions

(Under SGX-ST Listing Manual requirements)

For the purposes of Chapter 9 of the SGX-ST Listing Manual, shareholders' approval is required for any interested person transaction of a value equal to, or more than 5% of the Group's latest audited consolidated net tangible assets (NTA) or when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than 5% of the Group's latest NTA. For FY2023, the 5% Group's consolidated NTA as at December 31, 2022 was S$163 million.

Chapter 9 however permits the Company to obtain a shareholders' mandate for recurrent transaction of a revenue or trading nature or those necessary for its day-to-day operations. At the Annual General Meeting held on April 2023, the Company obtained approval for such shareholders' mandate.

Transactions under shareholders' mandate

(S$ million)	Nature of relationship	Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) 2023
Sale of Goods and Services		
Singapore Telecommunications Ltd and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	1,803.9
Singapore Technologies Telemedia Pte Ltd and its Associates		1,241.8
Mapletree Investments Pte Ltd and its Associates		2.1
PSA International Pte Ltd and its Associates		5.3
Olam International Ltd and its Associates		4.2
SATS Ltd and its Associates		0.2
Seatrium Ltd and its Associates		1.7
CapitaLand Investment Limited and its Associates		6.3
Singapore Power Limited and its Associates		2.5
Singapore Technologies Engineering Ltd and its Associates		0.6
		3,068.6
Purchase of Goods and Services		
Singapore Power Limited and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	17.4
SMRT Corporation Ltd and its Associates		0.1
Singapore Telecommunications Ltd and its Associates		0.9
Singapore Technologies Engineering Ltd and its Associates		7.0
Surbana-Jurong Private Limited and its Associates		4.6
Starhub Ltd and its Associates		1.0
Pavilion Energy Pte. Ltd. and its Associates		355.3
Temasek Holdings (Private) Limited and its Associates		0.2
		386.5
Treasury Transactions		
Subscription to S$350 million 4.6% fixed rate notes due 2030 notes issued by Sembcorp Financial Services on March 15, 2023		
Clifford Capital Pte Ltd	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	99.2
Yap Chee Keong	Director	0.3
		99.5
Total		**3,554.6**

There are no interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920).

Notes to the Financial Statements

I. Supplementary Information *(cont'd)*

I2. List of Properties

Urban

Description	Type	Land tenure	Gross floor area (sq m)	Group's effective interest	Status
China					
Industrial & Business Properties					
1. International Water Hub, Nanjing	Office & exhibition centre	Leasehold 50 years from 2015	36,489[1]	100%	Completed development
2. Jiangdao Intelligent Cube, Nanjing	Office & business park	Leasehold 50 years from 2012	72,273	21.5%	Completed development
3. Jiangdao Technology Innovation Centre, Nanjing	Office & exhibition centre	Leasehold 50 years from 2012	49,340	21.5%	Completed development
4. Wuxi-Singapore Industrial Park	Ready-built factories	Leasehold 50 years from 1995	506,105	45.4%	Completed development
5. Wuxi-Singapore Industrial Park	Built-to-specs factories	Leasehold 50 years from 2011	118,202	45.4%	Completed development
6. Wuxi-Singapore Industrial Park	Office & amenities	Leasehold 50 years from 1996	10,491	45.4%	Completed development
7. Wuxi-Singapore Industrial Park	Office	Leasehold 50 years from 1999	4,423	45.4%	Completed development
8. Wuxi-Life Science Park	Ready-built factories	Leasehold 50 years from 2022	78,000	45.4%	Completed development
Commercial & Residential Properties					
1. Jiangdao Xin Tiandi, Nanjing	Retail	Leasehold 40 years from 2012	66,274	21.5%	Completed development
2. Jiangdao Hua Ting, Nanjing	Residential	Leasehold 70 years from 2012	7,661	21.5%	Completed development
3. Modena by Fraser, Wuxi New District	Service apartment	Leasehold 40 years from 2008	11,056	45.4%	Completed development
4. Chengdu Innovation & Technology Centre	Office & retail	Leasehold 40 years from 2022	65,930	50.0%	Under development
Indonesia					
Industrial & Business Properties					
1. Kendal Industrial Park, Central Java	Ready-built factories	Leasehold 30 years from 2015	1,836	49.0%	Completed development
Vietnam					
Industrial & Business Properties					
1. Sembcorp Logistics Park Quang Ngai	Warehouses	Leasehold 60 years from 2022	33,600	52.5%	Under development
2. Sembcorp Logistics Park Nghe An	Warehouses	Leasehold 43 years from 2022	39,290	52.5%	Under development

[1] Gross floor area excludes carpark and basement area

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest	Status
Vietnam					
Industrial & Business Properties					
3. VSIP Binh Duong I	Ready-built factories	Leasehold 50 years from 1996	57,813	49.3%	Completed development
4. VSIP Binh Duong II	Ready-built factories	Leasehold 50 years from 2005	25,016	49.3%	Completed development
5. VSIP Binh Duong II-A	Ready-built factories	Leasehold 50 years from 2008	85,008	49.3%	Completed development
6. VSIP Nghe An	Ready-built factories	Leasehold 50 years from 2015	8,810	49.3%	Completed development
7. VSIP Binh Duong – Hai Phong Branch	Ready-built factories	Leasehold 50 years from 2008	30,051	49.3%	Completed development
8. VSIP Bac Ninh	Ready-built factories	Leasehold 50 years from 2007	37,826	46.5%	Completed development
9. VSIP Bac Ninh Flatted Factory	Flatted factory	Leasehold 50 years from 2007	15,583	46.5%	Completed development
10. Sembcorp Logistics Park Hai Phong Phase I	Warehouses	Leasehold 44 years from 2014	15,000	52.5%	Completed development
11. Sembcorp Logistics Park Hai Phong Phase II	Warehouses	Leasehold 43 years from 2016	14,279	52.5%	Completed development
12. Sembcorp Logistics Park Hai Phong Phase III	Warehouses	Leasehold 40 years from 2018	13,200	52.5%	Completed development
13. Sembcorp Logistics Park Hai Duong	Warehouses	Leasehold 38 years from 2020	13,176	52.5%	Completed development
Commercial & Residential Properties					
1. VSIP Binh Duong II-A	Retail	Leasehold 50 years from 2008	1,118	49.3%	Completed development
2. VSIP Plaza, Quang Ngai	Retail	Leasehold 50 years from 2015	3,062	49.3%	Completed development
3. VSIP Hai Phong	Retail	Leasehold 50 years from 2008	233	46.5%	Completed development
4. Hai Phong Gateway	Retail	Leasehold 50 years from 2008	674	46.5%	Completed development
5. VSIP Bac Ninh	Shophouses	Leasehold 50 years from 2007	680	46.5%	Completed development
6. Sun Casa, Binh Duong	Residential & shophouses	Leasehold 50 years from 2008	1,677	49.3%	Completed development
7. Sun Casa Central I, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	7,999	49.3%	Completed development
8. Sun Casa Central II, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	54,321	49.3%	Under development
9. The Habitat Binh Duong Phase II	Residential & retail	Leasehold 45 years from 2018	518	51.6%	Completed development
10. The Habitat Binh Duong Phase III	Residential & retail	Leasehold 44 years from 2019	60,583	51.6%	Under development

Corporate and Others

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest
Singapore				
30 Hill Street	Office	Freehold land and building	11,410	100%

Additional Information on Directors Seeking Re-election

Name of director	Lim Ming Yan	Dr Josephine Kwa Lay Keng	Wong Kim Yin	Kunnasagaran Chinniah	Marina Chin Li Yuen	Ong Chao Choon
Date of appointment	January 18, 2021	August 1, 2018	July 1, 2020	August 1, 2023	November 1, 2023	November 3, 2023
Date of last reappointment	April 22, 2021	April 22, 2021	April 22, 2021	N.A.	N.A.	N.A.
Age	61	65	53	66	58	60
Country of principal residence	Singapore	Singapore	Singapore	Singapore	Singapore	Singapore
The board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The process for the re-election of directors is set out in the Corporate Governance Statement	The process for the re-election of directors is set out in the Corporate Governance Statement	The process for the re-election of directors is set out in the Corporate Governance Statement	The process for the re-election of directors is set out in the Corporate Governance Statement	The process for the re-election of directors is set out in the Corporate Governance Statement	The process for the re-election of directors is set out in the Corporate Governance Statement
Whether appointment is executive, and if so, the area of responsibility	No	No	Executive	No	No	No
Job title (e.g., Lead ID, AC Chairman, AC Member etc.)	Non-executive & Lead Independent Director Chairman • Executive Resource & Compensation Committee • Nominating Committee Member • Executive Committee	Non-executive & Independent Director Member • Audit Committee • Risk Committee	Group President & CEO Member • Executive Committee	Non-executive & Independent Director Member • Executive Committee • Risk Committee • Executive Resource & Compensation Committee	Non-executive & Independent Director Member • Audit Committee • Risk Committee	Non-executive & Independent Director Member • Audit Committee • Risk Committee • Nominating Committee
Professional qualifications	First Class Honours in Mechanical Engineering and Economics as well as an honorary doctorate, University of Birmingham Advanced Management Program, Harvard Business School	PhD and Bachelor of Science with honours in Mechanical Engineering, University of Leeds	Bachelor of Science, National University of Singapore Master of Business Administration, University of Chicago Booth School of Business	Bachelor of Engineering (Electrical), National University of Singapore Master of Business Administration, University of California Berkeley Chartered Financial Analyst, CFA Institute	Bachelor of Laws (LL.B. Hons), Second Class Honours (Upper Division), National University of Singapore Advocate and Solicitor of the Supreme Court of Singapore Appointed Senior Counsel by the Singapore Academy of Law	Bachelor of Accountancy (First Class Honours), National University of Singapore Master of Business Administration in Banking and Finance, Nanyang Business School Fellow of: • Institute of Singapore Chartered Accountants • Chartered Accountants Australia & New Zealand
Working experience and occupation(s) during the past 10 years	CapitaLand • President & Group CEO (2013–2018)	Raffles Marina Holdings • Chairman (2007–2017)	Singapore Power • Group CEO (2011–2020)	GIC Group of Companies • Head, GIC Global Infrastructure Group (2012–2013) • Co-Head, Portfolio, Strategy and Risk Group (2009–2013) • Various appointments (1989–2013)	Tan Kok Quan Partnership • Joint Managing Partner (2015–present)	PwC • Partner and Advisory Leader, Singapore (2012–2023) • Managing Partner, Myanmar (2012–2023) • Deputy Chairman, Singapore, (2017–2021)
Shareholding interest in the listed issuer and its subsidiaries	Sembcorp Industries: 34,400 ordinary shares	Sembcorp Industries: 67,000 ordinary shares	Sembcorp Industries: 4,163,597 ordinary shares	Nil	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and / or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil	Note A	Nil	Nil
Conflict of interest (including any competing business)	No	No	No	Note B	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes	Yes

Note A: 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 Holdings (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 these 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. The board has determined that Mr Chinniah is independent.

Note B: 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.

Additional Information on Directors Seeking Re-election

Other Principal Commitments Including Directorships

Name of director	Lim Ming Yan	Dr Josephine Kwa Lay Keng	Wong Kim Yin	Kunnasagaran Chinniah	Marina Chin Li Yuen	Ong Chao Choon
Past (for the last five years)	• Business China • Central China Real Estate • Future Economy Council • Housing and Development Board • Singapore Management University • Singapore Press Holdings • Singapore Tourism Board • Workforce Singapore	• Agency for Science, Technology and Research • NUS Energy Studies Institute • Southern Steel	• Seatown Holdings • Singapore Polytechnic • Singapore Power Group of Companies • SkillsFuture Singapore Agency and related bodies	• Astrea III • Astrea IV • Azalea Investment Management • Borkum Riffgrund 2 Investor Holding • ECL Finance • Edelweiss Agri Value Add • Edelweiss Financial Services • Edelweiss Finvest • Edelweiss Rural & Corporate Services • Keppel Asia Infra Fund (GP), Investment Committee Member • Keppel Infrastructure Fund Management (the trustee-manager of Keppel Infrastructure Trust) • Neptune1 Infrastructure Holdings • Nuvama Wealth Finance • Nuvama Wealth Management	Nil	• Arts House • National Environmental Agency • PwC Group of Companies
Present	Listed companies • China Vanke Co. • Sembcorp Industries Others • Aquila Asia Capital Advisory • Aquila Asia Investment Management • Chinese Development Assistance Council, Member, Board of Trustee • DLF Assets • DLF Cyber City Developers • Enterprise Singapore Board • Grove RE • Grove Real Estate Partners • Ministry of Foreign Affairs, Non-Resident High Commissioner to the Republic of Mauritius • NS Square, Chairman • Singapore Business Federation, Chairman • Singapore-China Foundation, Governor • The Esplanade Co, Deputy Chairman • Universal Aquaculture • Vansek Management • Woodgrove Real Estate	Listed companies • Sembcorp Industries Others • Barghest Building Performance	Listed companies • Sembcorp Industries Others • China Venture Capital Fund Corporation • DSO National Laboratories* • Health Promotion Board • Inland Revenue Authority of Singapore • National Research Foundation • Sembcorp Group of Companies • World Energy Council and related bodies * Retired on March 31, 2024	Listed companies • CapitaLand Ascendas REIT Management (the Manager of CapitaLand Ascendas REIT) • Nirlon • Sembcorp Industries Others • Archipelago Capital Partners, Advisor • Astrea V • Astrea VI • Azalea Asset Management • Changi Airports International • Edelweiss Alternative Asset Advisors • Greenko Energy Holdings • Hindu Endowments Board • MMK Toll Road • Meerut Budaun Expressway • Pavilion Capital International, Consultant	Listed companies • Sembcorp Industries Others • Jurong Port • Monetary Authority of Singapore, Member, Appeal Advisory Panel • Singapore Academy of Law, Fellow • Singapore Academy of Law, Senate Member • Singapore Institute of Legal Education, Accreditation Committee Member • Singapore International Mediation Centre, Member, Specialist Mediator Panel • Singapore Land Authority	Listed companies • Sembcorp Industries Others • Lee Kuan Yew Fund for Bilingualism • NCS • Singapore Food Agency • The Community Foundation of Singapore

Information Required Pursuant to Listing Rule 704(7)

Confirmation under items (a) to (k) in Appendix 7.4.1 of the SGX-ST Listing Manual	Confirmed that all responses to be "No"	Confirmed that all responses to be "No"	Confirmed that all responses to be "No"	Confirmed that all responses to be "No"	Confirmed that all responses to be "No"	Confirmed that all responses to be "No"

Shareholding Statistics

As at March 4, 2024

Statistics of Shareholders

Issued and fully paid-up capital:	S$565,571,683.28
Number of issued shares:	1,787,547,732
Number / percentage of treasury shares:	7,569,983 (0.42%)
Number of shareholders:	33,832
Class of shares:	Ordinary shares with equal voting rights[1]

Shareholdings Held by the Public

Based on information available to the company as at March 4, 2024, 50.22%[2] of the issued ordinary shares of the company is held by the public and therefore, the company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Substantial Shareholder

Substantial Shareholder	Direct Interest	Indirect Interest	Total	%[2]
Temasek Holdings (Private) Limited	871,200,328	10,244,275[3]	881,444,603	49.52

Top 20 Shareholders

No.	Name	No. of Ordinary Shares Held	%[2]
1.	Temasek Holdings (Private) Limited	871,200,328	48.94
2.	Citibank Nominees Singapore Pte Ltd	239,244,399	13.44
3.	DBSN Services Pte Ltd	102,770,821	5.77
4.	Raffles Nominees (Pte) Limited	100,811,385	5.66
5.	DBS Nominees (Private) Limited	63,267,903	3.55
6.	HSBC (Singapore) Nominees Pte Ltd	51,073,264	2.87
7.	BPSS Nominees Singapore (Pte.) Ltd.	17,973,983	1.01
8.	United Overseas Bank Nominees Private Limited	17,381,123	0.98
9.	Startree Investments Pte Ltd	9,400,000	0.53
10.	OCBC Nominees Singapore Private Limited	8,915,790	0.50
11.	Phillip Securities Pte Ltd	6,062,900	0.34
12.	Tang Kin Fei	4,746,612	0.27
13.	Heng Siew Eng	4,407,000	0.25
14.	Wong Kim Yin	4,163,597	0.23
15.	OCBC Securities Private Ltd	4,022,578	0.23
16.	UOB Kay Hian Private Limited	3,128,573	0.18
17.	IFAST Financial Pte Ltd	3,014,757	0.17
18.	Maybank Securities Pte. Ltd.	2,471,351	0.14
19.	Tan Kong Hong Alex	2,313,188	0.13
20.	Eugene Cheng Chee Mun (Zheng Zhiwen)	1,609,983	0.09
		1,517,979,535	85.28

[1] Ordinary shares purchased and held as treasury shares by the company will have no voting rights

[2] The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the company as at March 4, 2024 excluding 7,569,983 ordinary shares held as treasury shares as at that date

[3] Temasek is deemed to be interested in the 10,244,275 shares in which its subsidiaries and / or associated companies have or are deemed to have an interest pursuant to Section 7 of the Companies Act 1967.

Analysis of Shareholdings

Range of Shareholdings	No. of Ordinary Shareholders	%	No. of Ordinary Shares Held (Excluding Treasury Shares)	%
1 – 99	821	2.43	34,736	0.00
100 – 1,000	6,449	19.06	5,079,846	0.29
1,001 – 10,000	22,115	65.37	87,213,198	4.90
10,001 – 1,000,000	4,418	13.06	158,657,414	8.91
1,000,001 and above	29	0.08	1,528,992,555	85.90
	33,832	100.00	1,779,977,749	100.00

Corporate Information

Registered Office
30 Hill Street #05-04
Singapore 179360
Tel: (65) 6723 3113
Website: www.sembcorp.com

Board of Directors
Tow Heng Tan
(Appointed on April 20, 2023)
Chairman

Lim Ming Yan
(Appointed on April 20, 2023)
Lead Independent Director

Marina Chin Li Yuen
(Appointed on November 1, 2023)
Kunnasagaran Chinniah
(Appointed on August 1, 2023)
Nagi Hamiyeh
Ajaib Haridass
Dr Josephine Kwa Lay Keng
Ong Chao Choon
(Appointed on November 3, 2023)
Yap Chee Keong

Wong Kim Yin
Group President & CEO

Executive Committee
Tow Heng Tan
(Appointed on April 20, 2023)
Chairman

Kunnasagaran Chinniah
(Appointed on November 3, 2023)
Nagi Hamiyeh
Lim Ming Yan
(Appointed on April 20, 2023)
Wong Kim Yin

Audit Committee
Yap Chee Keong
Chairman

Marina Chin Li Yuen
(Appointed on November 3, 2023)
Ajaib Haridass
Dr Josephine Kwa Lay Keng
Ong Chao Choon
(Appointed on November 3, 2023)

Risk Committee
Ajaib Haridass
Chairman

Marina Chin Li Yuen
(Appointed on November 3, 2023)
Kunnasagaran Chinniah
(Appointed on November 3, 2023)
Dr Josephine Kwa Lay Keng
Ong Chao Choon
(Appointed on November 3, 2023)
Yap Chee Keong

Executive Resource & Compensation Committee
Lim Ming Yan
(Appointed on April 20, 2023)
Chairman

Kunnasagaran Chinniah
(Appointed on November 3, 2023)
Tow Heng Tan

Nominating Committee
Lim Ming Yan
(Appointed on April 20, 2023)
Chairman

Ong Chao Choon
(Appointed on November 3, 2023)
Tow Heng Tan

Company Secretary
Tan Yen Hui

Registrar
Tricor Barbinder Share Registration Services
9 Raffles Place, #26-01
Republic Plaza Tower 1
Singapore 048619

Auditors
KPMG LLP
Public Accountants and
Chartered Accountants
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961

Partner-in-charge: Koh Wei Peng
(Appointed during the financial year ended December 31, 2019)

Investor Relations
investorrelations@sembcorp.com

Sustainability
sustainability@sembcorp.com

Glossary

CAGR	compound annual growth rate
CSP	concentrated solar power
EBITDA	earnings before interest, tax, depreciation and amortisation EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs
GW	gigawatt unit of measurement for capacity of electricity generation (in billion watts)
GWh	gigawatt-hour unit of measurement for electricity generated or consumed over a period of time (in billion watt-hours). In battery energy storage systems, GWh is used to describe capacity of the battery system to store and deliver energy over a specified period of time
GWp	gigawatt-peak unit of measurement for maximum capacity of direct current electricity generation (in billion watts), often used in reference to solar photovoltaic (PV) assets
m^3	cubic metres
m^3/day	cubic metres per day
MW	megawatt unit of measurement for capacity of electricity generation (in million watts)
MWh	megawatt-hour unit of measurement for electricity generated and consumed over a period of time (in million watt-hours). In battery energy storage systems, MWh is used to describe capacity of the battery system to store and deliver energy over a specified period of time
MWp	megawatt-peak unit of measurement for maximum capacity of direct current electricity generation (in million watts), often used in reference to solar PV assets
O&M	operations and maintenance
PPA	power purchase agreement
PV	photovoltaic
REC	renewable energy certificate
tCO_2e	tonnes of carbon dioxide equivalent unit measurement of absolute greenhouse gas (GHG) emissions
tCO_2e/MWh	tonnes of carbon dioxide equivalent per megawatt-hour unit measurement of GHG emissions intensity
VPP	virtual power plant a digital platform that links energy resources across different locations to optimise energy usage

Sembcorp Industries Ltd
Company Registration No. 199802418D

30 Hill Street
Singapore 179360
Tel: (65) 6723 3113
www.sembcorp.com