

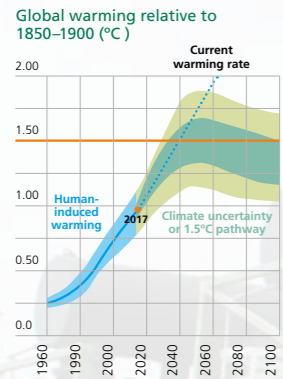
Repositioning Sembcorp

We are repositioning for success in a rapidly changing world, building strong businesses that create value for our stakeholders and support a sustainable future.

Our World

Climate Change

Climate change is becoming a more pressing issue, and urgent action is needed to combat its impact.



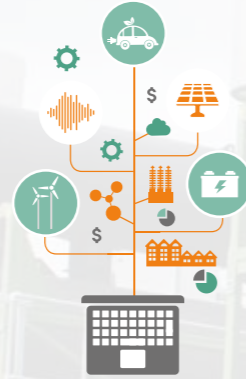
Sustainable Development

Growing recognition of the reality of climate change and increasing pressure on finite resources has underscored the importance of sustainable development.



Market Disruption

Fast-changing trends, advances in technology and new business challenges are creating disruptions and opportunities in the marketplace.



Technological Advancement

Digitalisation and technological advancement are disrupting and transforming almost every sector and fundamentally changing the way we live, work and operate.



Our Strategy



Read more on pages 24 and 25

Our Transformation Journey



Our Priorities

Our Progress

Performance		Utilities	Marine	Urban Development
Lifting Performance and Returns	<ul style="list-style-type: none"> Profit growth of 123% from 2017, up 23% excluding exceptional items India turnaround to profitability 	<ul style="list-style-type: none"> Work volume significantly below peak levels and competition remained intense 	<ul style="list-style-type: none"> Net profit up 4% from 2017, second year of record earnings Record net orderbook secured, up 69% from 2017 	
Reshaping Portfolio	<ul style="list-style-type: none"> Deepening presence in key markets of Singapore, India and the UK, notably in the gas & power, renewables and flexible generation businesses 	<ul style="list-style-type: none"> Moving up the value chain with entry into new product segments, such as renewable energy engineering solutions 	<ul style="list-style-type: none"> Pursuing adjacencies and offering new business models such as specialised business hubs and smart developments 	
Strengthening Balance Sheet	<ul style="list-style-type: none"> Unlocking value through divestments: cash proceeds of ~\$200 million in 2018 			
Sustainability				
Establishing Climate Change Strategy	<ul style="list-style-type: none"> A climate change strategy was established with targets that include <ul style="list-style-type: none"> Reducing greenhouse gas (GHG) emissions intensity to 0.42 tonnes of carbon dioxide equivalent per megawatt hour (tCO₂e/MWh) by 2022 and to <0.40 tCO₂e/MWh by 2030 Increasing renewables capacity to ~4,000 megawatts by 2022 			
Growing Renewables and Other Green Solutions	<ul style="list-style-type: none"> Renewable energy capacity now 2,600 megawatts, up ~20% from end-2017; entry into battery storage 	<ul style="list-style-type: none"> A leading solar player in Singapore with over 120 megawatt peak capacity 	<ul style="list-style-type: none"> More than 1,700 megawatts of renewable energy capacity in India; first to deliver a SECI wind project 	
Embedding Sustainability in the Organisation	<ul style="list-style-type: none"> New Key Performance Indicator Framework incorporates Environmental, Social & Governance (ESG) components 			
Dynamic Organisation				
Building and Deepening Capabilities	<ul style="list-style-type: none"> Building leadership bench strength <p>Augmenting Capabilities:</p> <ul style="list-style-type: none"> Merchant & Retail Digital & Technology Risk Management & Compliance 			
Digitalising and Entrenching Innovation	<ul style="list-style-type: none"> Establishing a strong and secure IT foundation 	<ul style="list-style-type: none"> Digitising the business to improve efficiency, productivity and customer experience 	<ul style="list-style-type: none"> Embedding innovation in our business by developing differentiated solutions 	

Reimagining Solutions

As markets shift, industries transform and technology disrupts, we are reimagining how solutions can be created and delivered to our customers.

Green & Sustainable

With the growing trend of decarbonisation, the global energy mix is seeing significant shifts towards cleaner sources. We firmly believe that we must be part of the solution for sustainable development, and aim to play our part in enabling a low-carbon and circular economy. From renewable energy and greener engineering solutions to eco-friendly integrated townships, our businesses have a real capacity to make a change for a more sustainable world.



Case Study UK Power Reserve

UK Power Reserve is the UK's largest generator of flexible distributed energy. With over 800 megawatts in operation and under development, its portfolio comprises small-scale, fast-ramping power generation assets and rapid response batteries. They help counter the intermittency of renewable power sources, supporting the shift towards green energy. They also add resilience to the UK national grid by providing high-value rapid response ancillary services to balance the system. These capabilities allow Sembcorp to better meet the needs of a fast-moving energy market in transition.

Innovative & Technology-enabled

Digitalisation and the advancement of technology is disrupting almost every sector globally, fundamentally changing the way we live, work and operate. Recognising that technology and digital platforms can be powerful differentiators, we are transforming our business models to better capitalise on opportunities arising from the global energy transition. With creative insight, we are committed to providing innovative and technology-enabled products and services for a sustainable future.



Case Study Gravifloat

Sembcorp Marine's Gravifloat platforms are re-deployable, near-shore, modularised liquefied natural gas (LNG) and liquefied petroleum gas (LPG) terminals designed for installation in shallow waters of 8 to 20 metres. The floatable modules are highly versatile for site-specific requirements and can be flexibly configured as a single-unit terminal or connected to other units as a multi-module terminal. Gravifloat technology can be applied to import and export terminal infrastructure for treatment, storage, liquefaction, re-gasification, and offloading of LNG and LPG. It is also suitable for the installation of offshore power plants, and can be used for bunkering and distribution.

Customer-centric

Customer expectations are intensifying in the always-on, digital age. Having strong business models that are customer-centric, technology-enabled and that offer long-term growth opportunities is critical. With increasing demand disruption and decentralisation in the energy sector, we recognise the need to move our businesses closer to our customers, and are building our capabilities to maintain our market leadership and sharpen our competitive edge.



Case Study Sembcorp Power Digital Experience

As a power retailer in Singapore's recently-launched Open Electricity Market, we introduced an automated process to manage customer queries and enable us to respond in a faster and more efficient manner. The new Sembcorp Power mobile application also provides a rich digital experience and allows customers to monitor their electricity consumption and manage their accounts easily. The app enables customers to view and pay bills, analyse electricity consumption trends, renew their contracts and manage account details, offering convenience and functionality to customers on the go.

Redefining Our Purpose

Sembcorp aims to play our part in creating a sustainable future. Our purpose is to not only do well, but also do good.

Enabling a Low-carbon and Circular Economy

Climate change and resource scarcity are becoming more pressing issues. Sembcorp is committed to playing our part in enabling a low-carbon and circular economy. We aim to maintain the highest standards of environmental management, reduce our greenhouse gas emissions intensity and grow our portfolio of low-carbon energy assets, while providing innovative business solutions to support a circular economy.



“ We successfully put up 119 units of wind turbine generators across an area of 700 square kilometres, connected them to the grid and completed the project ahead of schedule. With renewable energy, it is possible to have blue skies and clean air while contributing to India’s economic development and growth. ”

Ankur Rajan
Chief Operating Officer
Sembcorp Green Infra



The 250-megawatt SECI 1 project marks the first delivery of installed capacity awarded under India’s nationwide wind power tenders. Completed ahead of schedule, it is estimated that SECI 1 will light up more than 216,000 homes and reduce carbon dioxide emissions by over 700,000 tonnes per annum.

Empowering Our People and Communities

We seek to empower our people and communities. We believe in creating a values-based and performance-led culture at Sembcorp, where health and safety is an integral part of our everyday business. Through engagement and partnerships, we aim to make a lasting positive impact on our communities.



“ The VSIP projects are a very good example of what strong partnership and close cooperation among governments, businesses and communities can bring about. When everyone works towards the common good, synergies happen and everyone benefits. ”

Anthony Tan
Deputy General Director
Vietnam Singapore
Industrial Park JV



Since its founding in 1996, Vietnam Singapore Industrial Park (VSIP) has flourished and has become a leading developer with seven sites across Vietnam. The VSIP projects have attracted US\$12.9 billion in investments from over 800 multinational companies and leading local enterprises, resulting in more than 241,000 jobs created.

Embedding Responsible Business Practices

Sembcorp maintains an effective governance and decision-making structure that embeds responsible business practices within the organisation. We are committed to fostering an ethical culture and conducting our businesses with integrity. We recognise the importance of the effective identification of risks, and work hard to ensure we have an adequate and effective risk management and internal control system.



“ Responsible business practices support the long-term viability of our businesses and build trust and confidence with our stakeholders. We are committed to conducting our business legally, fairly, honestly and with integrity, and expect the same of those with whom we do business. ”

Looi Lee Hwa
General Counsel and Head
of Legal & Compliance
Sembcorp Industries



Sembcorp believes in maintaining high standards of behaviour and integrity, and being best in class for governance practices. In 2018, we rolled out the revised Code of Conduct and provided training. By year end, over 99% of our employees have acknowledged their compliance with the Code.