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## THE APPENDIX

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### THE IPT MANDATE

#### 1. Chapter 9 of the Listing Manual

- 1.1** Chapter 9 of the listing manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.
- 1.2** Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated net tangible assets ("**NTA**")) are reached or exceeded. In particular, shareholders' approval is required for an interested person transaction of a value equal to, or which exceeds:
- (a) 5% of the listed company's latest audited consolidated NTA; or
  - (b) 5% of the listed company's latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.
- 1.3** Based on the latest audited consolidated accounts of Sembcorp Industries Ltd ("**Sembcorp Industries**") and its subsidiaries (the "**Sembcorp Group**") for the financial year ended December 31, 2014, the consolidated NTA of the Sembcorp Group was S\$5,216,230,000. In relation to Sembcorp Industries, for the purposes of Chapter 9, in the current financial year and until such time that the consolidated audited accounts of the Sembcorp Group for the year ending December 31, 2015 are published, 5% of the latest audited consolidated NTA of the Sembcorp Group would be S\$260,811,500.
- 1.4** Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.
- 1.5** Under the Listing Manual:
- (a) an "**entity at risk**" means:
    - (i) the listed company;
    - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
    - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company;
  - (b) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

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- (c) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9; and
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person.

### 2. Rationale for the IPT Mandate

2.1 It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and Sembcorp Industries’ interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to Sembcorp Industries’ interested persons or the obtaining of goods and services from them.

2.2 In view of the time-sensitive nature of commercial transactions, the renewal of the mandate (the “**IPT Mandate**”) pursuant to Chapter 9 of the Listing Manual will enable:

- (a) Sembcorp Industries;
- (b) subsidiaries of Sembcorp Industries (excluding subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) associated companies of Sembcorp Industries (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Sembcorp Group, or the Sembcorp Group and interested person(s) of Sembcorp Industries has or have control,

(together, the “**EAR Group**”), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions (“**Interested Person Transactions**”) set out in paragraph 6.1 below with the specified classes of Sembcorp Industries’ interested persons (the “**Interested Persons**”) set out in paragraph 5.1 below, provided such Interested Person Transactions are made on normal commercial terms.

### 3. Scope of the IPT Mandate

3.1 The EAR Group engages in a wide range of activities (as described in paragraph 6.1 below) for which the renewal of the IPT Mandate is being sought.

3.2 The IPT Mandate does not cover any transaction by a company in the EAR Group with an Interested Person that is below \$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

3.3 Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

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### 4. Benefit to Shareholders

The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for Sembcorp Industries to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

### 5. Classes of Interested Persons

5.1 The IPT Mandate applies to the Interested Person Transactions (as described in paragraph 6.1 below) which are carried out with the following classes of Interested Persons:

- (a) Temasek Holdings (Private) Limited and its associates (the "**Temasek Group**"); and
- (b) Directors, Chief Executive Officer(s) and controlling shareholders of Sembcorp Industries (other than the controlling shareholder described in sub-paragraph (a) above) and their respective associates.

5.2 Transactions with Interested Persons which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

### 6. Categories of Interested Person Transactions

6.1 The Interested Person Transactions with the Interested Persons (as described in paragraph 5.1 above) which are covered by the IPT Mandate and the benefits to be derived therefrom are set out below:

#### 6.1.1 General Transactions

This category relates to general transactions ("**General Transactions**") in connection with the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group comprising the following:

- (a) Utilities Activities

The products and services under this sub-category are:

  - (i) the importing and retailing (including the provision of shipping services in connection therewith) of natural gas in Singapore;
  - (ii) the provision or obtaining of natural gas for the generation of electricity and the production of steam, chemical feedstocks and heating;
  - (iii) power generation and supply;
  - (iv) the provision or obtaining of electricity and steam;
  - (v) the production and supply of specialised chemical feedstocks;
  - (vi) the provision of a range of utilities and support services, such as steam, cooling water, industrial water, NEWater, wastewater (including water) treatment, hazardous waste management and incineration services and terminalling facilities and management services;

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- (vii) the obtaining of engineering, procurement and construction services to build infrastructure facilities in connection with the provision or supply of utilities; and
- (viii) the provision of materials used as feedstocks for the production of petroleum and utilities products.

(b) Urban Development Activities

The products and services under this sub-category are:

- (i) the sale/purchase and/or lease of land parcels, office space and factories in industrial parks and other development properties;
- (ii) the management and operation of industrial parks and infrastructure projects; and
- (iii) the provision of project management, site management, estate management and consultancy services in relation to integrated urban development.

(c) Engineering and Construction Activities

The products and services under this sub-category are:

- (i) the provision or obtaining of engineering, procurement, construction and management services for turnkey projects and construction services (including retrofitting and renovation);
- (ii) the provision or obtaining of design consultancy services (covering architectural, structural, mechanical, process, civil, electrical, land surveying and quantity surveying);
- (iii) the sale or purchase of building materials;
- (iv) the provision or obtaining of building, engineering and technical services;
- (v) the leasing and rental (as lessor and lessee) of plant and equipment used in connection with services provided;
- (vi) the leasing and rental (as lessor and lessee) of vessels, tug boats and barges used in connection with services provided; and
- (vii) the obtaining or the purchase of electronic and engineering equipment, construction plant and equipment, computer maintenance and systems and insurances.

(d) Environmental and Environmental Engineering Activities

The products and services under this sub-category are:

- (i) the provision of industrial and commercial waste collection services, including the sale of bins, to industrial and commercial buildings, hotels, serviced residences and private and public institutions;
- (ii) the provision of haulage, recycling and waste minimization of construction and other waste services;
- (iii) the provision of recycling services;
- (iv) the provision of medical waste collection and disposal services to hospitals, private clinics and health institutions;

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- (v) the provision of liquid waste transportation and disposal services;
  - (vi) the provision of record destruction services;
  - (vii) the provision of pneumatic refuse conveyance system;
  - (viii) the provision of biomass waste-to-energy incineration services; and
  - (ix) the provision of environmental engineering and consultancy services.
- (e) Minting Activities
- The products and services under this sub-category are:
- (i) the manufacturing, marketing and trading of numismatic coins and medallions, and other related products and services.
- (f) Activities for Day-to-Day Operations
- The products and services under this sub-category, which are necessary for the day-to-day operations of the Sembcorp Group, are:
- (i) the provision or obtaining of land and sea transportation, freight services, warehousing and logistics services;
  - (ii) the provision or obtaining of property management, property security and building maintenance services;
  - (iii) the obtaining of commodity hedging services in respect of the purchase of commodities used for the purposes of the business activities;
  - (iv) the leasing of properties which are not in use (as lessor) to generate additional revenue for the EAR Group and the leasing of office space (as lessee);
  - (v) the leasing of vehicles (as lessee) and the obtaining of maintenance and repair services (including the purchase of spare parts); and
  - (vi) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in paragraphs 6.1.1(a) to (e) above.

The EAR Group will benefit from having access to competitive quotes from the different companies in the different industries within the Temasek Group in addition to obtaining quotes from, or transacting with, non-Interested Persons.

The headings in this paragraph 6.1.1 are inserted for branding purposes only and shall be ignored in construing the types of General Transactions which are covered by the IPT Mandate.

### 6.1.2 Treasury Transactions

Treasury transactions (“**Treasury Transactions**”) comprise (a) the placement of funds with any Interested Person, (b) the borrowing of funds from any Interested Person, (c) the entry into with any Interested Person of forex, swap and option transactions for hedging purposes and (d) the subscription of debt securities (including but not limited to convertible bonds and hybrid bonds) or redeemable preference shares (“**RPS**”) issued by any Interested Person and the issue of debt securities (including but not limited to convertible bonds and hybrid bonds) or RPS to any Interested Person and the buying from, or the selling to, any Interested Person of debt securities (including but not limited to convertible bonds and hybrid bonds) or RPS.

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The EAR Group can benefit from competitive rates and quotes in an expedient manner on the placement of funds with, borrowings from, the entry into forex, swap and option transactions with, and the subscription and purchase of debt securities (including but not limited to convertible bonds and hybrid bonds) or RPS issued by, or the issue of debt securities (including but not limited to convertible bonds and hybrid bonds) or RPS to, any Interested Person.

### 6.1.3 Management and Support Services

The EAR Group may, from time to time, receive management and support services from, or provide management and support to, its Interested Persons in the areas of finance, treasury, investment risk review, governmental relations, strategic development, management information systems, and human resources management and development (“**Management Support Services**”). By having access to and providing such management support, the EAR Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the global network of its Interested Persons.

## 7. Review Procedures for Interested Person Transactions

7.1 The EAR Group has established the following procedures to ensure that Interested Person Transactions are undertaken on an arm’s length basis and on normal commercial terms:

### 7.1.1 General Transactions

#### Review Procedures

In general, there are procedures established by the EAR Group to ensure that General Transactions with Interested Persons are undertaken on an arm’s length basis and on normal commercial terms consistent with the EAR Group’s usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place.

(a) *Provision of services or the sale of products*

The review procedures are:

- (i) all contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and
- (ii) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group’s pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group’s usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account; and

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(b) *Obtaining of services or the purchasing of products*

The review procedures are:

- (i) all contracts entered into or transactions with Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to the entry into of the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and
- (ii) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff of the relevant company in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Interested Person are fair and reasonable.

Threshold Limits

In addition to the review procedures, the following threshold limits (“**GT Limits**”) will be applied to supplement the internal systems of the EAR Group to ensure that General Transactions are undertaken with Interested Persons on an arm’s length basis and on normal commercial terms:

<b>General Transactions</b>	<b>GT Limit (\$ million)</b>
Utilities Activities	250
Urban Development Activities	20
Engineering and Construction Activities	250
Environmental and Environmental Engineering Activities	20
Minting Activities	20

Where the EAR Group’s proportionate share in a transaction with an Interested Person exceeds any of the relevant GT Limits set out above, such transaction must be approved by the audit committee of Sembcorp Industries (the “**Audit Committee**”) prior to its entry. Where the EAR Group’s proportionate share in a transaction is equal to or below any of the relevant GT Limits set out above, such transaction need not have the prior approval of the Audit Committee, but shall be reviewed on a quarterly basis by the Audit Committee.

### 7.1.2 Treasury Transactions

Placements

In relation to the placement with any Interested Person by the EAR Group of its funds, Sembcorp Industries will require that quotations shall be obtained from such Interested Person and at least two banks for rates of deposits with such bankers of an equivalent amount, and for the equivalent period, of the funds to be placed by the EAR Group. The EAR Group will only place its funds with such Interested Person, provided that the terms quoted are no less favourable than the terms quoted by such banks for equivalent amounts.

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### Borrowings

In relation to the borrowing of funds from any Interested Person by the EAR Group, Sembcorp Industries will require that quotations shall be obtained from such Interested Person and at least two banks for rates for loans from such bankers of an equivalent amount, and for the equivalent period, of the funds to be borrowed. The EAR Group will only borrow funds from such Interested Person, provided that the terms quoted are no less favourable than those quoted by such banks.

### Debt Securities and RPS

In relation to the subscription of debt securities (including but not limited to convertible bonds and hybrid bonds) or RPS issued by, or purchase of debt securities (including but not limited to convertible bonds and hybrid bonds) or RPS from, Interested Persons, the EAR Group will only enter into the subscription or purchase of such debt securities or RPS issued provided that the price(s) at which the EAR Group subscribes for or purchases such debt securities or RPS will not be higher than the price(s) at which such debt securities or RPS are subscribed for or purchased by third parties.

In relation to the issue or sale to Interested Persons of debt securities (including but not limited to convertible bonds and hybrid bonds) or RPS, the EAR Group will only issue or sell such debt securities or RPS to Interested Persons provided that the price(s) at which the EAR Group issues or sells such debt securities or RPS will not be lower than the price(s) at which such debt securities or RPS are issued or sold to third parties. The EAR Group will also comply with all applicable laws and regulations in connection with the issue or sale of such debt securities or RPS to Interested Persons.

For the purposes of the IPT Mandate, the RPS to be subscribed or purchased from Interested Persons, or to be issued or sold to Interested Persons, will not carry any voting rights, except in the circumstances set out in Section 180(2)(a), (b) and (c) of the Companies Act.

### Forex, Swaps, Options

In relation to forex, swap and option transactions with any Interested Person by the EAR Group, Sembcorp Industries will require that rate quotations shall be obtained from such Interested Person and at least two banks. The EAR Group will only enter into such forex, swap or option transactions with such Interested Person provided that such terms quoted are no less favourable than the terms quoted by such bankers.

In addition to the foregoing, the following threshold limits (“**Treasury Limits**”) will be applied to supplement the internal systems of the EAR Group to ensure that Treasury Transactions are undertaken with Interested Persons on an arm’s length basis and on normal commercial terms:

<b>Type of Treasury Transaction</b>	<b>Treasury Limit (\$ million)</b>
Placements	100
Borrowings	100
Subscription or Purchase of Debt Securities	100
Issue or Sale of Debt Securities and RPS	100
Subscription or Purchase of RPS	50
Forex, Swaps, Options	50

Where the EAR Group’s proportionate share in a transaction with an Interested Person exceeds any of the relevant Treasury Limits set out above, such transaction must be approved by the Audit Committee prior to its entry. Where the EAR Group’s proportionate share in a transaction is equal to or below any of the relevant Treasury Limits set out above, such transaction need not have the prior approval of the Audit Committee, but shall be reviewed on a quarterly basis by the Audit Committee.

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### 7.1.3 Management Support Services

The EAR Group will satisfy itself that the costs for any Management Support Services provided by or to any Interested Person shall be on an arm's length and normal commercial basis and in accordance with any formula for such cost recovery agreed with such Interested Person. Transactions exceeding the amount of S\$1,000,000 must be approved by the Audit Committee, and transactions equal to or below S\$1,000,000 shall be reviewed on a quarterly basis by the Audit Committee.

- 7.2 Sembcorp Industries will maintain a register of transactions carried out with Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into), and Sembcorp Industries' internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the IPT Mandate.
- 7.3 The Audit Committee of Sembcorp Industries shall review these internal audit reports on Interested Person Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with.
- 7.4 If during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, Sembcorp Industries will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that Interested Person Transactions will be on an arm's length and on normal commercial basis.

### 8. Validity Period of the IPT Mandate

The IPT Mandate, as renewed, will take effect from the passing of the ordinary resolution relating thereto, and will (unless revoked or varied by Sembcorp Industries in general meeting) continue in force until the next Annual General Meeting of Sembcorp Industries following thereafter. Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent Annual General Meeting of Sembcorp Industries, subject to satisfactory review by the Audit Committee of its continued application to the transactions with Interested Persons.

### 9. Disclosure in Annual Report

- 9.1 The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the quarterly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.
- 9.2 Disclosure will be made in the Sembcorp Industries Annual Report of the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year, and in the Annual Reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.