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SEMBCORP INDUSTRIES 24th ANNUAL GENERAL MEETING

- Responses to substantial and relevant questions

Singapore, April 14, 2022 – Sembcorp Industries (Sembcorp) would like to thank shareholders for submitting their questions in advance of our 24th Annual General Meeting (AGM) to be convened and held by way of electronic means on April 21, 2022 at 10.00 am (Singapore time).

We have reviewed the questions received and have set out our responses to the substantial and relevant questions through the following common themes.

- (i) Renewables Business
- (ii) Integrated Urban Solutions Business
- (iii) Conventional Energy Business

Please refer to our responses as set out in Appendix 1.

Appendix 1

Renewables Business	
1.	<p>In the Renewables Review of the Annual Report, it states that solar projects installed and under development in Singapore grew from 280MWp to 384MWp. 130MWp of solar capacity was completed during the year, including the Sembcorp Tengoh Floating Solar Farm on Tengoh Reservoir. How profitable were these solar projects in 2021?</p> <p>The profitability of individual projects is not disclosed. In Singapore, the projects contributed positively to the year-on-year improvement in earnings for the renewables segment on higher generation as a result of increased capacity, and higher spot market prices.</p>
2.	<p>What is the quantum of carbon credits Sembcorp has in inventory currently and can they be monetised? How are they accounted for in the financial statements?</p> <p>Certain assets in our portfolio generate environmental attributes, including carbon credits as well as various types of renewable energy certificates (RECs). The volume of these attributes available for sale varies from year to year.</p> <p>RECs that are generated are not carried as inventory on our balance sheet and the sale of RECs is recorded as part of the particular assets' revenue. For RECs that we buy, they are recorded as inventory before they are sold.</p>
Integrated Urban Solutions Business	
3.	<p>The annual report states that land bank of the Urban business increased from 12,588 hectares to 13,443 hectares during the year. In the company announcement titled "Groundbreaking ceremony held for new VSIP development in Vietnam's Binh Dinh province" on 28 Sep 2020, is the mentioned "1,000 hectares of industrial zone with the potential for further commercial and residential development" included as part of the 13,443-hectare land bank? What is the status of development, as well as land sales achieved?</p> <p>Urban's 13,443-hectare land bank is inclusive of the Binh Dinh project. Profits from land sales will be recognised when land sold is progressively handed over to customers starting from 2022.</p>
4.	<p>Can the Group provide some colour on the Environment and Social aspects of industrial land development using your Vietnam Singapore Industrial Park (VSIP) projects as an example?</p> <p>VSIP conducts environmental impact assessments in accordance with national standards and methodologies before development works commence. VSIP Binh Duong was a recipient of the Greentech Award awarded by the Vietnam Association for Conservation of Nature and Environment. VSIP developments in Bac Ninh and Hai Duong have also received Green Industrial Park certifications presented by Vietnam Association for Environmental Economics (VIASEE).</p> <p>An example of social factors we take into consideration is the resettlement of existing villagers as part of the land development process. VSIP works closely with the authorities and adheres strictly to the resettlement and compensation guidelines as determined in accordance with Vietnam law.</p>

Conventional Energy Business	
Singapore	
5.	<p>As an importer of natural gas in Singapore, has the company benefitted from rising fuel price trend in the past year?</p> <p>The cogeneration plants in Singapore performed better on increased power demand and better spreads in the fourth quarter of 2021. Performance of the gas business remained stable.</p> <p>With our diverse portfolio of energy generation sources and supplies, we will continue to provide a sustainable, competitive, reliable and comprehensive suite of bundled energy and utilities solutions for customers in Singapore. The performance of the conventional energy business in Singapore will be subject to global energy market conditions and commodity prices.</p>
6.	<p>What is the remaining life of Sembcorp's cogeneration plants in Singapore? What are the plans for replacement?</p> <p>The cogeneration plant continues to operate and its shelf life can be extended with upgrading and refurbishment.</p> <p>We regularly assess our position, and develop options based on market conditions. In the case of Singapore, the situation is fluid. In particular, regulation continues to evolve. Our investment will be guided by our objective to focus on delivering sustainable solutions and the country's goals to use cleaner energy and improve energy efficiency to lower its carbon footprint.</p>
7.	<p>How is Sembcorp's earnings expected to be impacted with the increase in carbon taxes in Singapore?</p> <p>Singapore accounted for approximately 10% of the Group's greenhouse gas emissions in 2021. In Singapore, the majority of power generation is from gas plants with similar carbon intensity and the cost structure of these plants is similar. Our facilities are high efficiency CCGT cogeneration plants that produce both electricity and steam. This process requires less fuel and emits less carbon dioxide than conventional thermal coal and oil plants. As such, we expect to continue being competitive in the Singapore energy sector as well as in our centralised utilities business.</p> <p>We believe that the higher carbon price will encourage further investments in renewables and companies to adopt more sustainable practices. As a leading regional renewable energy player with a solar power portfolio of 384MWp in operation and under construction, we are aligned to support Singapore in its energy transition towards a more sustainable future.</p> <p>We will look at ways to improve our energy efficiency and reduce our carbon footprint. We have set aggressive targets to reduce our absolute greenhouse gas emissions to 2.7 million tonnes of carbon dioxide equivalent (tCO₂e), a 90% decrease from 2020 levels (26.5 million tCO₂e) and will continue to pursue green technologies for decarbonisation.</p>
Southeast Asia	
8.	<p>In view of the political situation in Myanmar, what is the status of the Sembcorp Myingyan Independent Power Plant (IPP)?</p> <p>Sembcorp Myingyan IPP continues to operate and provide essential power to the people of Myanmar. The power supply contract remains in place and we will continue to monitor the developments in Myanmar closely.</p>

<p>9.</p>	<p>During last year’s AGM, the company disclosed that there is a political risk insurance in place for its equity investment in the Sembcorp Myingyan IPP. The Multilateral Investment Guarantee Agency (MIGA) which is a member of the World Bank Group, reported that the guarantee issued to Sembcorp Utilities Ltd for 10 years from March 2018 had been cancelled on January 31, 2022. Please give more insight to this cancellation by MIGA for the political risk insurance. How would Sembcorp mitigate the risk in the absence of a guarantee?</p> <p>We would like to clarify that the Political Risk Insurance (PRI) for Sembcorp Utilities’ equity investment is still in force. The PRI that has ended is in relation to the Shareholder Loan which had been fully repaid.</p>
<p>10.</p>	<p>The Company reported last year that a corporate guarantee was given for the non-recourse project financing loan for the Myingyan Power Plant as certain conditions precedents were yet to be satisfied. Have all the conditions precedents been fulfilled?</p> <p>No, not all conditions precedents (CPs) have been fulfilled. We are in the process of seeking alignment with various stakeholders on the fulfillment of outstanding CPs.</p>
<p>11.</p>	<p>Why is tariff for the Phu My 3 power plant in Vietnam reducing as its power purchase agreement approaches expiry in 2024, despite rising energy prices? Why has the company been guiding on this development since early 2021?</p> <p>The Phu My 3 power plant is contracted under a 20-year build-operate-transfer power purchase agreement until 2024. While the tariff will take into account the cost of prevailing gas prices, the capacity fee will reduce based on the terms of the contract. When the power purchase agreement expires in 2024, the plant will be handed over to the Government of Vietnam.</p>

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