Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

13,400,000 European Style Cash Settled Long Certificates

relating to the ordinary shares of Sembcorp Industries Ltd

with a Daily Leverage of 5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$0.30 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by SG Issuer (the "**Issuer**") unconditionally and irrevocably guaranteed by Société Générale (the "**Guarantor**"), and is supplemental to and should be read in conjunction with a base listing document dated 18 June 2021 including such further base listing documents as may be issued from time to time (the "**Base Listing Document**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see "Placing and Sale" contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 18 June 2021 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 18 May 2022.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

17 May 2022

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

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RISK FACTORS

The following are risk factors relating to the Certificates:

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;

(c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;

(d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;

(e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;

(f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 30 to 34 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section of this document for more information;

(i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);

(l) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(m) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(n) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);

(o) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(p) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday fall in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 50 to 51 of this document for more information;

(q) In the case of extreme market conditions or where the Air Bag Mechanisms are triggered simultaneously, trading in the Certificates may be suspended for an extended period, which may be up to an additional 15 minutes, to facilitate the intra-day adjustment under the Air Bag Mechanism;

(r) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 35 to 37 of this document for more information;

(s) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;

(t) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(u) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(v) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

(w) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

(x) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

– Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and

– The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

(y) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

(z) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(aa) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(bb) the US Foreign Account Tax Compliance Act ("**FATCA**") withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor's broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with

FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(cc) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986." Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(dd) risk factors relating to the BRRD

French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") entered into force on 2 July 2014. The BRRD has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the "**BRR Act 2015**"). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("**SRM**") and a Single Resolution Fund (the "**SRM Regulation**") has established a centralised power of resolution entrusted to a Single Resolution Board (the "**SRB**") in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank ("**ECB**") has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism ("**SSM**"). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States' resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the "**SSM Regulation**") and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the "**Resolution Authority**") with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions while minimising the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses).

Under the SRM Regulation, a centralised power of resolution is established and entrusted to the SRB acting in cooperation with the national resolution authorities. In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions' resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the "**Bail-in Power**"). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The application of any measure under the BRRD and the SRM Regulation or any suggestion of such application with respect to the Issuer, the Guarantor or the Group could materially adversely affect the rights of Certificate Holders, the price or value of an investment in the Certificates and/or the ability of the Issuer or the Guarantor to satisfy its obligations under any Certificates, and as a result investors may lose their entire investment.

Moreover, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power, the exercise of write-down/conversion powers or any other resolution tools by the Resolution Authority independently of a resolution measure or in combination with a resolution measure when it determines that the Issuer, the Guarantor or the Group will no longer be viable could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such powers.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The current regime will evolve as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts have been published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the “**BRRD II**”); and

- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity (“**TLAC**”) of credit institutions and investment firms (the “**SRM II Regulation**” and, together with the BRRD II, the “**EU Banking Package Reforms**”).

The EU Banking Package Reforms will introduce, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet (“**FSB TLAC Term Sheet**”), by adapting, among others, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions’ ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC will be implemented in accordance with the FSB TLAC Term Sheet, which impose a level of “Minimum TLAC” that will be determined individually for each global systemically important bank (“**G-SIB**”), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets through January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator through January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

According to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**”), as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the “**CRR II**”), EU G-SIBs, such as Societe Generale, will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale will have to comply at the same time with TLAC and MREL requirements.

Consequently, criteria for MREL-eligible liabilities will be closely aligned with those laid down in the CRR, as amended by the CRR II for the TLAC-eligible liabilities, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet the MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance while only an additional return is linked to that derivative component and depends on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL will be set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance any may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The scope of liabilities used to meet the MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in the BRRD, as amended by the BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that the MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail- in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks).

If the SRB finds that there could exist any obstacles to resolvability by the Issuer or the Guarantor and/or the Group, a higher MREL requirement could be imposed. Any failure by the Issuer or the Guarantor, as applicable, and/or the Group to comply with its MREL may have a material adverse effect on the Issuer's business, financial conditions and results of operations.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	13,400,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Sembcorp Industries Ltd (the "**Underlying Stock**")
ISIN:	LU2348853750
Company:	Sembcorp Industries Ltd (RIC: SCIL.SI)
Underlying Price[3] and Source:	S$2.8 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.30
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	5.50%, is a hedging cost against extreme market movements overnight.
Funding Cost[6]:	The annualised costs of funding, referencing a publicly published reference rate plus spread.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	10 May 2022
Closing Date:	17 May 2022
Expected Listing Date:	18 May 2022

[3] These figures are calculated as at, and based on information available to the Issuer on or about 17 May 2022. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 17 May 2022.

[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month's notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to "Fees and Charges" below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

[5] Please note that the Gap Premium is calculated on a 360-day basis.

[6] These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 7 May 2025
Expiry Date:	15 May 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	14 May 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Long Certificates on Single Equities" section on pages 41 to 56 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: "**t**" refers to "**Observation Date**" which means each Exchange Business Day (subject to Market Disruption Event) from (and including) the Exchange Business Day immediately preceding the

Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Exchange Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Exchange Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Strategy and the value of the Certificate on that fifth Exchange Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 41 to 56 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 19 to 24 below.

Initial Exchange Rate: 1

Final Exchange Rate: 1

Air Bag Mechanism: The “**Air Bag Mechanism**” refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more (“**Air Bag Trigger Price**”) during the trading day (which represents approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.

The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.

Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 22 to 24 below and the "Description of Air Bag Mechanism" section on pages 47 to 49 of this document for further information of the Air Bag Mechanism.

Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Singapore Dollar ("**SGD**")
Settlement Currency:	SGD
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (the "**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	The SGX-ST
Business Day and Exchange Business Day:	A "**Business Day**" or an "**Exchange Business Day**" is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the

	Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

$\mathbf{LSL_t}$ means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$$\mathrm{LSL}_1 = 1000$$

On each subsequent Observation Date(t):

$$\mathrm{LSL}_t = \mathrm{Max}\left[\mathrm{LSL}_{t-1} \times \left(1 + \mathrm{LR}_{t-1,t} - \mathrm{FC}_{t-1,t} - \mathrm{RC}_{t-1,t}\right), 0\right]$$

$\mathbf{LR_{t-1,t}}$	means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows: $\mathrm{LR}_{t-1,t} = \mathrm{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right)$
$\mathbf{FC_{t-1,t}}$	means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows : $\mathrm{FC}_{t-1,t} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate}_{t-1} \times \mathrm{ACT}(t-1,t)}{\mathrm{DayCountBasisRate}}$
$\mathbf{RC_{t-1,t}}$	means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows : $\mathrm{RC}_{t-1,t} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right|\right) \times \mathrm{TC}$
TC	means the Transaction Costs applicable (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to: 0.04% “Stamp Duty” refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.
Leverage	5
$\mathbf{S_t}$	means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.
$\mathbf{Rate_t}$	means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula: $\mathrm{Rate}_t = \mathrm{CashRate}_t + \%\mathrm{SpreadLevel}_t$
$\mathbf{CashRate_t}$	means, in respect of each Observation Date(t), the daily Singapore Overnight Rate Average (SORA) provided by the Monetary Authority of Singapore as administrator of the benchmark (or a successor administrator), as published on BLOOMBERG/SIBCSORA Index or any successor page, being the rate as of day (t-2) at 09:00 Singapore time, provided that if such rate is not available, then such rate shall be determined by reference to the last available rate that was published on Refinitiv Screen (SORA=MAST) or any successor page.
$\mathbf{\%SpreadLevel_t}$	0.23%, subject to change by the Issuer on giving 10 Business Days’ notice to investors via SGXNet.
$\mathbf{Rfactor_t}$	means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent,

subject to the adjustments and provisions of the Conditions, according to the following formula:

$$Rfactor_t = 1 - \frac{Div_t}{\mathbf{S_{t-1}}}$$

where

Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.

ACT(t-1,t) ACT (t-1;t) means the number of calendar days between the Exchange Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

DayCountBasisRate 365

Benchmark Fallback upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Reference Rate Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Reference Rate Event means, in respect of the Reference Rate any of the following has occurred or will occur:

(i) a Reference Rate Cessation;

(ii) an Administrator/Benchmark Event; or

(iii) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of any market-wide development formally agreed upon by the International Swaps and Derivative Association (ISDA) or the Asia Securities Industry & Financial Markets Association (ASIFMA), pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in order to comply with the recommendations in the Financial Stability Board’s paper titled “Reforming Major Interest Rate Benchmarks” dated 22 July 2014.

Reference Rate Cessation means, for a Reference Rate, the occurrence of one or more of the following events:

(i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate;

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or

(iii) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to measure and that representativeness will not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts;

Administrator/Benchmark Event	means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates.
Reference Rate(s)	means the rate(s) used in the Leverage Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate.

Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")

Extraordinary Strategy Adjustment for Performance Reasons

If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date,** noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date ($\mathrm{LSL_{IRD}}$) should be computed as follows :

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}} \times \left(1 + \mathrm{ILR_{IR(n),IR(C)}} - \mathrm{IRC_{IR(n),IR(C)}}\right), 0\right]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant

Intraday Restrike Date ends on the TimeReferenceClosing:

$$\mathrm{LSL_{IRD}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(n)}}, 0\right]$$

$\mathbf{IL}\boldsymbol{SL}_{\mathbf{IR(k)}}$ means, in respect of IR(k), the Intraday Leverage Strategy Level in accordance with the following provisions :

(1) for k = 1 :

$$\mathrm{ILSL_{IR(1)}} = \mathrm{Max}\left[\mathrm{LSL_{IRD-1}} \times \left(1 + \mathrm{ILR_{IR(0),IR(1)}} - \mathrm{FC_{IRD-1,IRD}} - \mathrm{IRC_{IR(0),IR(1)}}\right), 0\right]$$

(2) for k > 1 :

$$\mathrm{ILSL_{IR(k)}} = \mathrm{Max}\left[\mathrm{ILSL_{IR(k-1)}} \times \left(1 + \mathrm{ILR_{IR(k-1),IR(k)}} - \mathrm{IRC_{IR(k-1),IR(k)}}\right), 0\right]$$

$\mathbf{ILR_{IR(k-1),IR(k)}}$ means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :

$$\mathrm{ILR_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times \left(\frac{\mathrm{I}S_{\mathrm{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right)$$

$\mathbf{IRC_{IR(k-1),IR(k)}}$ means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :

$$\mathrm{IRC_{IR(k-1),IR(k)}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{IS_{IR(k)}}}{\mathrm{IS_{IR(k-1)}}} - 1\right|\right) \times \mathrm{TC}$$

$\mathbf{I}\boldsymbol{S}_{\mathbf{IR(k)}}$ means the Underlying Stock Price in respect of IR(k) computed as follows :

(1) for k=0

$$\mathrm{iS_{IR(0)}} = \mathrm{S_{IRD-1}} \times \mathrm{Rfactor_{IRD}}$$

(2) for k=1 to n

means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to IR(C)

$$\mathrm{iS_{IR(C)}} = \mathrm{S_{IRD}}$$

In each case, subject to the adjustments and provisions of the Conditions.

IR(k) For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;

For k=1 to n, means the k^{th} Intraday Restrike Event on the relevant Intraday Restrike Date.

IR(C) means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.

n means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.

Intraday Restrike Event means in respect of an Observation Date(t) :

(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{iS_{IR(0)}}$ as of such Calculation Time.

(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{iS_{IR(k)}}$ as of such Calculation Time.

Calculation Time	means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.
TimeReferenceOpening	means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
TimeReferenceClosing	means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).
Intraday Restrike Event Observation Period	means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing. Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.
Intraday Restrike Event Time	means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 18 June 2021, made by SG Issuer (the "**Issuer**") and Société Générale (the "**Guarantor**"); and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the "**Certificate Holders**") are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

(b) *Status and Guarantee*. The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a "**Guarantee Obligation**").

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the "**Code**").

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

(i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;

(ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;

(iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and

(iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

(c) Transfer. The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.

(e) *Bail-In*. By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

(C) the cancellation of the Certificates; and/or

(D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);

(ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**M&F Code**”):

(A) ranking:

(1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;

(2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and

(3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

(B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and

(C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer’s obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself, and as if any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the “**Contractual Bail-in**”).

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

"**Amounts Due**" means any amounts due by the Issuer under the Certificates.

"**Bail-In Power**" means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled and/or converted into shares or other securities or obligations of the obligor or any other person.

"**MREL**" means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

"**Relevant Resolution Authority**" means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

2. Certificate Rights and Exercise Expenses

(a) *Certificate Rights*. Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement

Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

(i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the

Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder’s address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a “**Business Day**” shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

(a) *Potential Adjustment Event*. Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions*. "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(f) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

(a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

(a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

(a) Delisting. If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) Issuer's Determination. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

(a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a

Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer, Société Générale and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"**Change in law**" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

(b) *Early Termination for Holding Limit Event*. The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

"**Holding Limit Event**" means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

(c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.

(d) *Termination*. If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Substitution of the Issuer

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the "**Substituted Obligor**"), it shall give at least 90 days' notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

15. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

16. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

17. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	Sembcorp Industries Ltd
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	13,400,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 18 June 2021 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates
Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples

	thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 18 May 2022.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) <u>For Certificate Holders who trade the Certificates intraday</u>: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) <u>For Certificate Holders who hold the Certificates overnight</u>: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment** 1 – Management Fee x ACT (t-1;t) / 360 x **Daily Gap Premium Adjustment** 1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

		t[7]=0		t=1		t=2		t=i
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance[8] x Daily Fees	x	Leverage Strategy daily performance x Daily Fees	x …	Leverage Strategy Daily performance x Daily Fees

		t=0		**Product of the daily Leverage Strategy Performance**		**Product of the Daily Fees (Hedging Fee Factor)**
Value of Certificates	=	Notional Amount	x	Leverage Strategy daily performance x Leverage Strategy daily performance	x	Daily Fees x Daily Fees

		t=0				
Final Value of Certificates	=	Notional Amount	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

[7] "t" refers to "**Observation Date**" which means each Exchange Business Day (subject to Market Disruption Event) from (and including) the Exchange Business Day immediately preceding the Expected Listing Date to the Valuation Date.

[8] Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary shares of Sembcorp Industries Ltd
Expected Listing Date:	**03/07/2018**
Expiry Date:	**18/07/2018**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.30 SGD**
Notional Amount per Certificate:	**0.30 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**5.50%**
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the nth Exchange Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

On Next Calendar Day (assuming it is an Exchange Business Day):

$$\text{HFF (1)} = \text{HFF (0)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t} - 1; \text{t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t} - 1; \text{t)}}{360}\right)$$

$$\text{HFF (1)} = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 5.50\% \times \frac{1}{360}\right)$$

$$\text{HFF (1)} = 100\% \text{ x } 99.9989\% \text{ x } 99.9847\% \approx 99.9836\%$$

Assuming 2nd Exchange Business Day falls 3 Calendar Days after 1st Exchange Business Day:

$$\text{HFF (2)} = \text{HFF (1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t} - 1; \text{t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t} - 1; \text{t)}}{360}\right)$$

$$\mathrm{HFF}\ (2) = 99.9836\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 5.50\% \times \frac{3}{360}\right)$$

$$\mathrm{HFF}\ (2) = 99.9836\% \text{ x } 99.9967\% \text{ x } 99.9542\% \approx 99.9345\%$$

The same principle applies to the following Exchange Business Days:

$$\mathrm{HFF}\ (n) = \mathrm{HFF}\ (n-1) \times \left(1 - \text{Management Fee} \times \frac{\mathrm{ACT}\ (t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\mathrm{ACT}\ (t-1; t)}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7544% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9836%
5/7/2018	99.9672%
6/7/2018	99.9508%
9/7/2018	99.9017%
10/7/2018	99.8853%
11/7/2018	99.8690%
12/7/2018	99.8526%
13/7/2018	99.8362%
16/7/2018	99.7871%
17/7/2018	99.7708%
18/7/2018	99.7544%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

= [(1200 x 1) / (1000 x 1) – 0] x 99.7544%

= 119.71%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.71% x 0.30 SGD

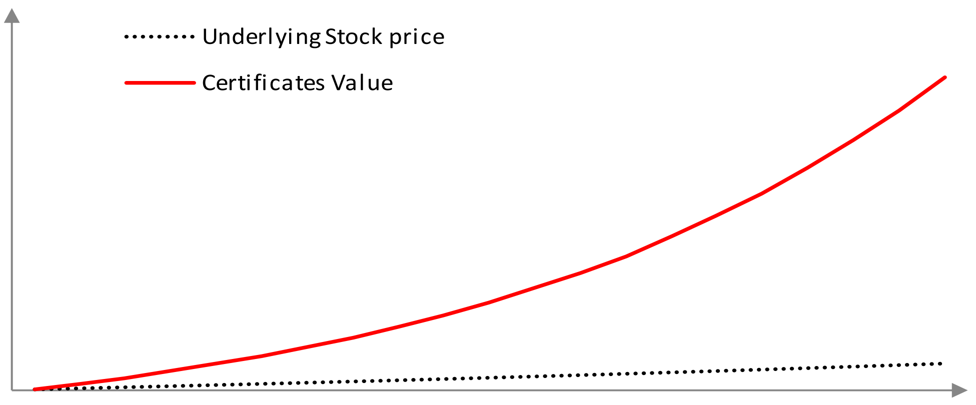
= 0.359 SGD

Illustration on how returns and losses can occur under different scenarios

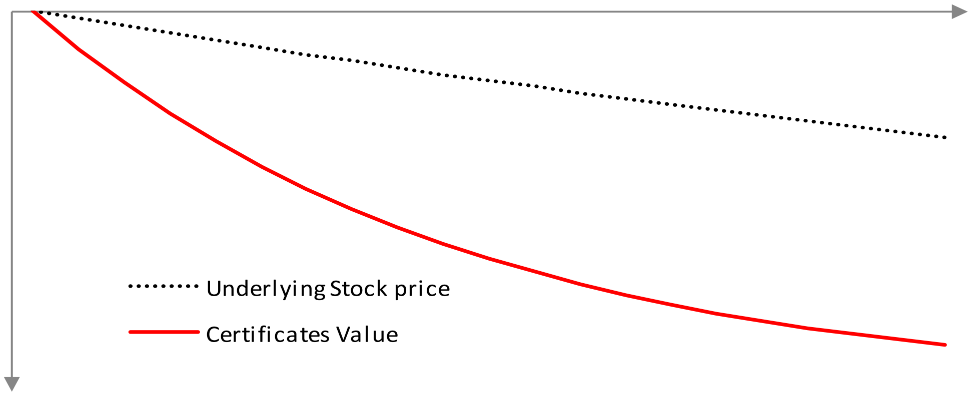
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples

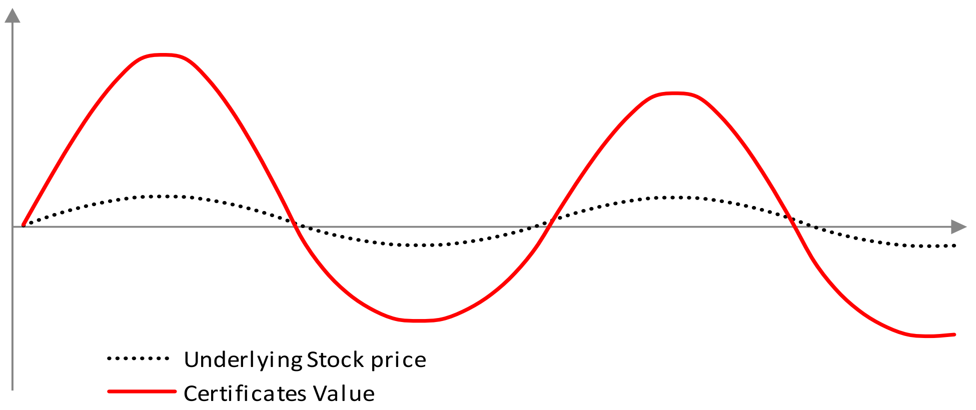
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.3	0.33	0.36	0.40	0.44	0.48
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.3	0.27	0.24	0.22	0.20	0.18
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	0.3	0.33	0.30	0.33	0.29	0.32
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period : during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its minimum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy, 30 minutes after the Air Bag trigger.

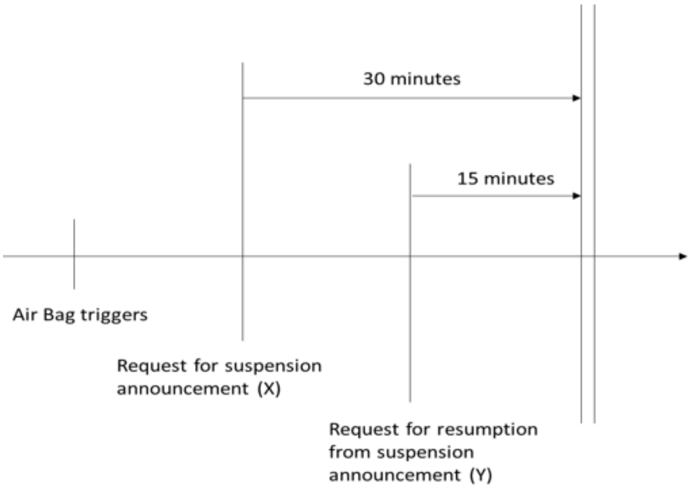
Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered and does not take into account the mid-day break. Investors cannot sell or purchase any Certificates during this period.

Air Bag Mechanism timeline

<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="2">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>
<tr><td>Less than 45 minutes before Market Close and more than 15 minutes before Market Close</td><td rowspan="2">Next trading day at Market Open</td></tr>
<tr><td>15 minutes or less than 15 minutes before Market Close</td><td>From Air Bag Trigger to Market Close</td></tr>
</table>

With **Market Close** defined as:

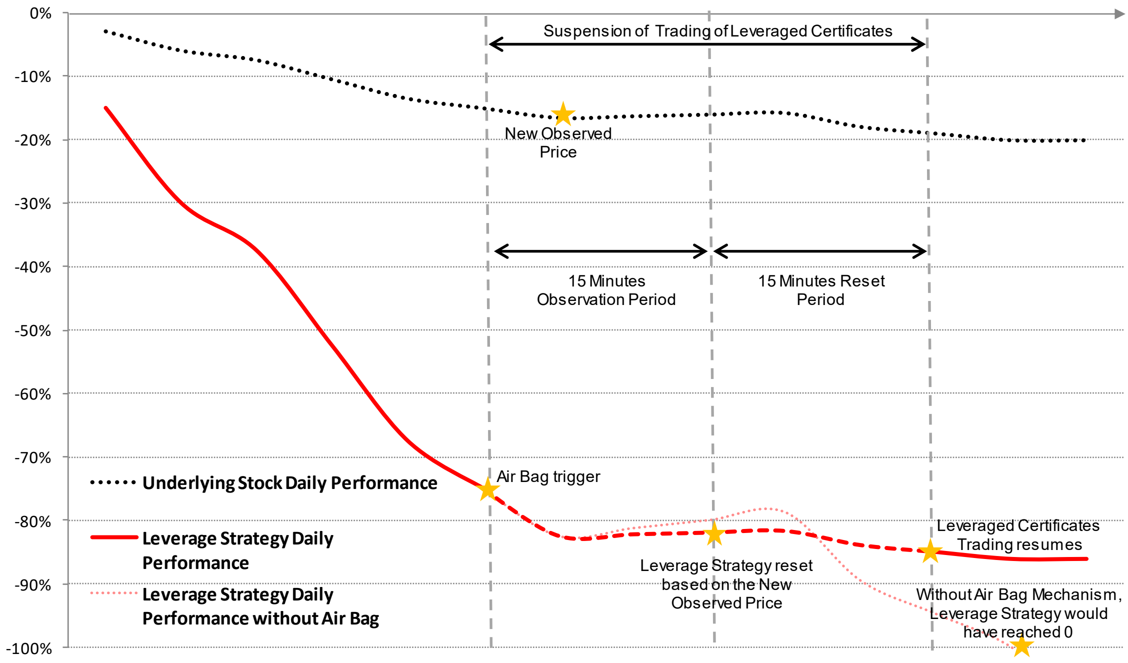
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading



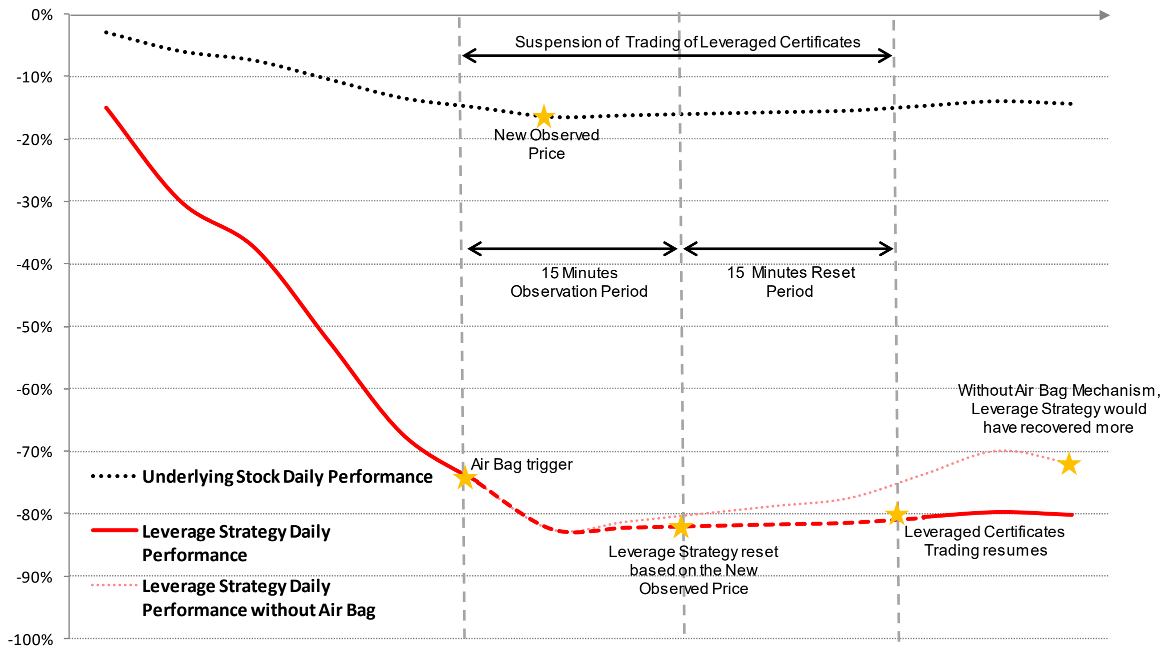
- The later between X+30 minutes or Y+15 minutes will be the earliest time the Certificates can be resumed, the next quarter-of-an-hour of which will be the scheduled resumption time of the Certificates
- If the scheduled resumption time of the Certificates is at or later than the scheduled closing time of the underlying asset, the Certificates will resume at 9 a.m. on the next SGX-ST trading day

Illustrative examples of the Air Bag Mechanism[9]

Scenario 1 – Downward Trend after Air Bag trigger



Scenario 2 – Upward Trend after Air Bag trigger



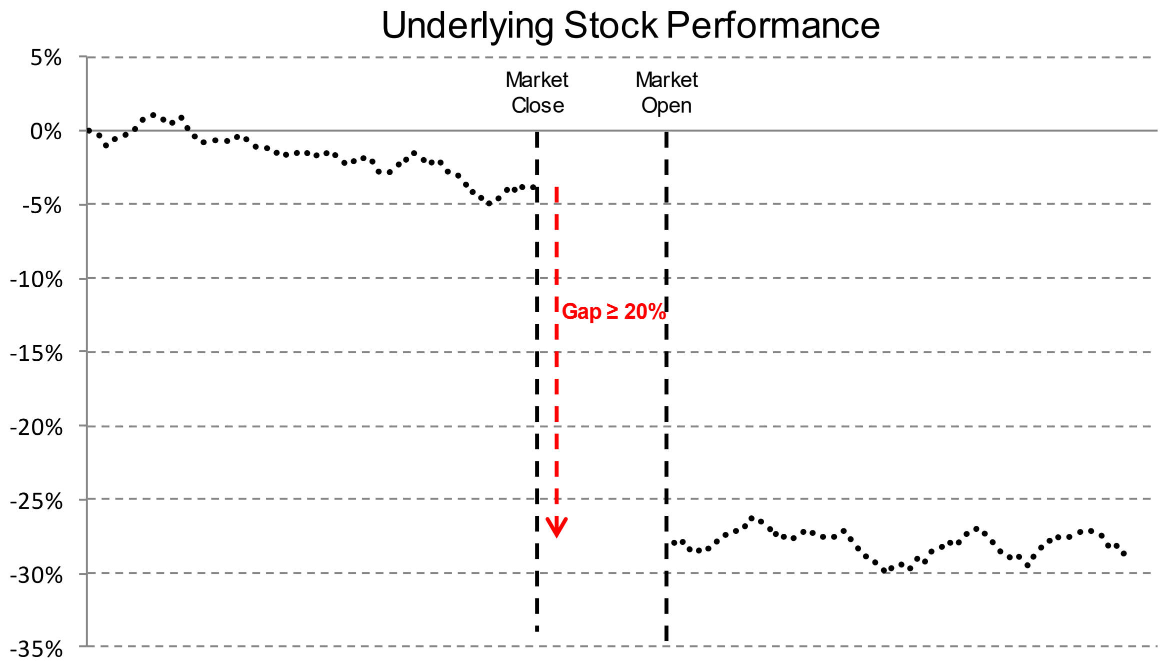
[9] The illustrative examples are not exhaustive.

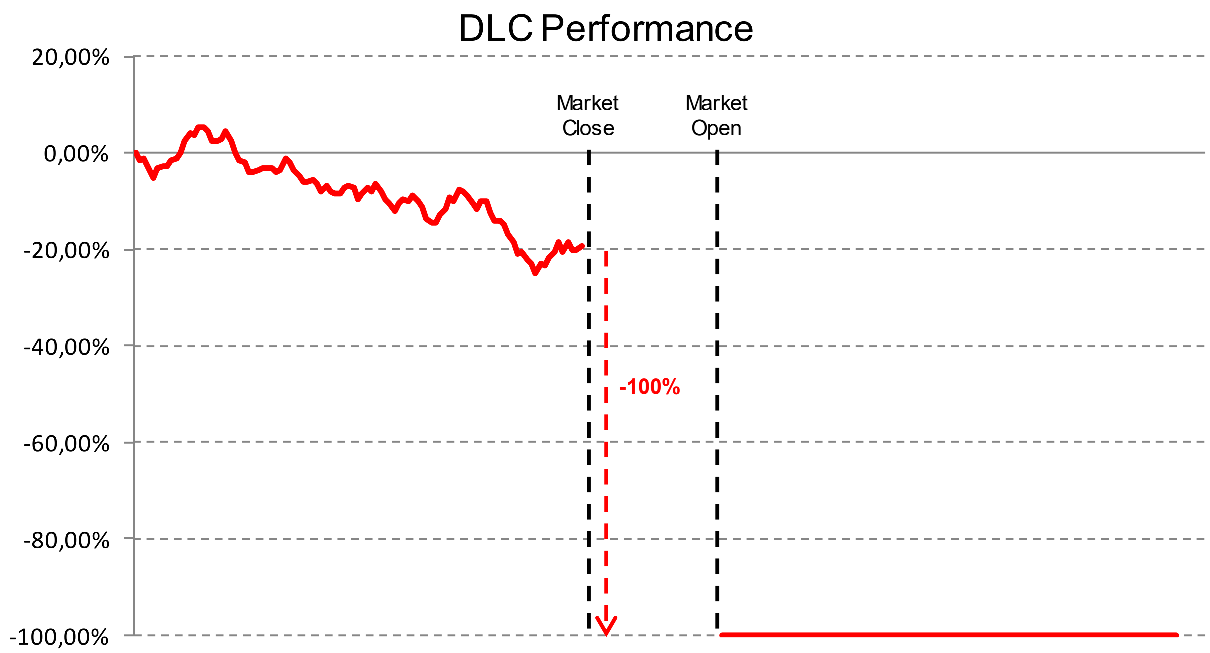
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

Scenario 1 – Overnight fall of the Underlying Stock

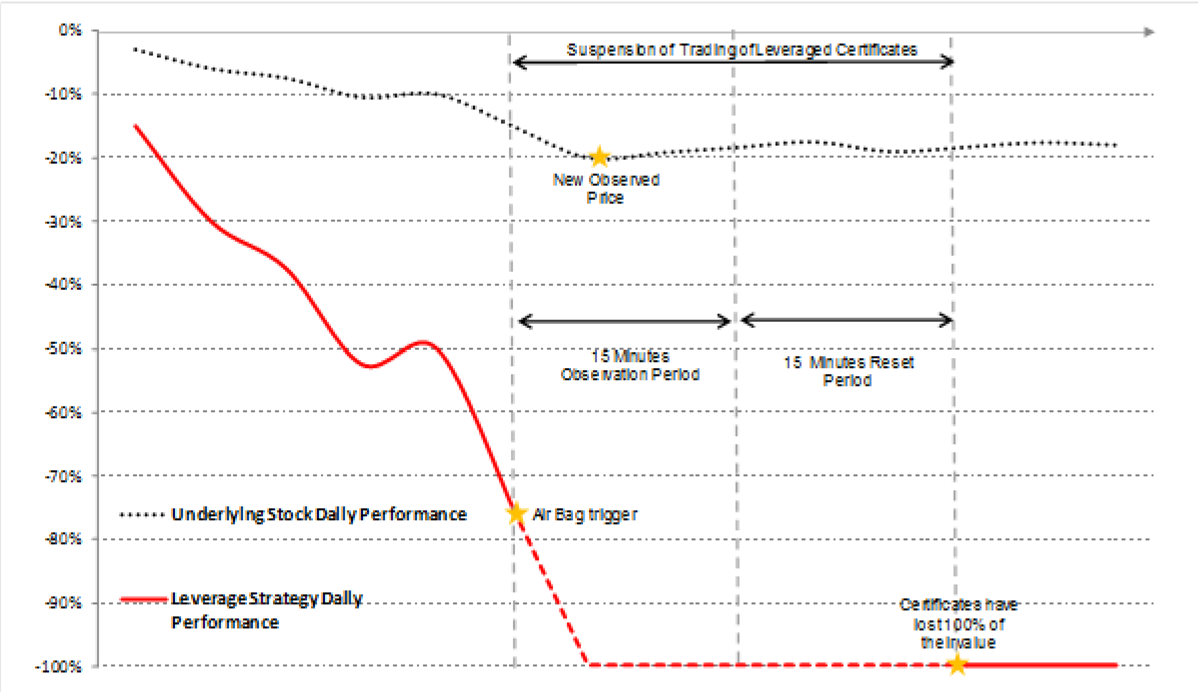
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.





Scenario 2 – Sharp intraday fall of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{\mathrm{S}_{t-1}}\right] \times \frac{1}{1+M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$\mathrm{DivExc_t}$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$\mathrm{S_{t-1}}$ = \$100

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0)}{100}\right] \times \frac{1}{1+1} = 50\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{\mathrm{S}_t}{\mathrm{S}_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{51}{100 \times 50\%} - 1\right) = 10\%$$

S_{t-1}	$\mathrm{S}_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates’ performance (excluding any cost and fees)
0.3	0.33	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$42.5, which is 15% below \$50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

S_{t-1} = \$100

S_t = \$202

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0)}{100}\right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{\mathrm{S}_t}{\mathrm{S}_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{202}{100 \times 200\%} - 1\right) = 5\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.3	0.315	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $170, which is 15% below $200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of $40.

S_{t-1} = $100

S_t = $84

$\mathrm{Div}_t = \$0$

$\mathrm{DivExc}_t = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100}\right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$\mathrm{LR}_{t-1,t} = \mathrm{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.3	0.375	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

S_{t-1} = \$100

S_t = \$85

$\text{Div}_t = \$0$

$\text{DivExc}_t = \$0$

R = \$0

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100}\right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$\text{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = 10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.3	0.33	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

S_{t-1} = \$100

S_t = \$84

$\text{Div}_t = \$0$

$\text{DivExc}_t = \$20$

R = \$0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{t-1,t}} = \text{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = 25\%$$

$\mathrm{S_{t-1}}$	$\mathrm{S_{t-1}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.3	0.375	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to $68, which is 15% below $80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of the SGX-ST at http://www.sgx.com. The Issuer has not independently verified any of such information.

Sembcorp Industries Ltd (the "**Company**") was incorporated in Singapore on 20 May 1998 to act as the holding company for the merger between Singapore Technologies Industries Corporation (STIC) and Sembawang Corporation. On 22 July 1998, it assumed its present name. The merger was effective on 3 October 1998. The Company's principal activities are those of an investment holding company, as well as the corporate headquarters, which gives strategic direction and provides management services to its subsidiaries. The principal activities of key subsidiaries are as follows:

i. Utilities: This business focuses on the provision of centralised utilities and energy. It offers industrial utilities and services such as energy, steam, industrial water and wastewater treatment to energy intensive users. It operates in Singapore, the United Kingdom, Vietnam, China and the United Arab Emirates.

ii. Marine & Offshore Engineering: This business focuses principally on repair, building and conversion of ships and rigs, and offshore engineering.

iii. Environmental Management: The business provides integrated waste management services and undertakes waste-to-resource businesses in the Asia Pacific region.

iv. Industrial Parks: The business focuses principally on developing, marketing and operating industrial parks in Asia.

The information set out in Appendix I of this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2021 and has been extracted and reproduced from an announcement by the Company released on 30 March 2022 in relation to the same. Further information relating to the Company may be located on the web-site of the SGX-ST at http://www.sgx.com.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	(i) when the best bid price of the Certificate is S$10 and below: 10 ticks or S$0.20 whichever is greater; and (ii) when the best bid price of the Certificate is above S$10: 5% of the best bid price of the Certificate.
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) where the Certificates are suspended from trading for any reason;

(iv) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;

(v) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(vi) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(vii) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

(viii) if the stock market experiences exceptional price movement and volatility;

(ix) when it is a public holiday in Singapore and/or the SGX-ST is not open for dealings; and

(x) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL INFORMATION RELATING TO THE ISSUER

The information set out in Appendix II of this document is a reproduction of the annual financial statements of the Issuer as at and for the year ended 31 December 2021 and its auditor’s report.

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix III of this document is a reproduction of the press release dated 5 May 2022 containing the Guarantor's consolidated financial results for the first quarter ended 31 March 2022.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 105 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.

2. Settlement of trades done on a normal "ready basis" on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed "Summary of the Issue" above.

3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2021 or the Guarantor since 31 March 2022, in the context of the issuance of Certificates hereunder.

5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

   None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the report, included herein, in the form and context in which it is included. Their report was not prepared exclusively for incorporation into this document.

   The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

   (a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;

   (b) the latest financial reports (including the notes thereto) of the Issuer;

   (c) the latest financial reports (including the notes thereto) of the Guarantor;

   (d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;

   (e) the Base Listing Document;

   (f) this document; and

   (g) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("**SFO**")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

 (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

 (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

 (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

 (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or

 (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

 (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

(a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**") and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term "**United States**" includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term "**U.S. person**" means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of

1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") or any rules thereunder of the CFTC (the "**CFTC Rules**"), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not "Non-United States persons", shall be considered a U.S. person).

APPENDIX I

REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 OF SEMBCORP INDUSTRIES LTD AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2021 and has been extracted and reproduced from an announcement by the Company released on 30 March 2022 in relation to the same.

Directors' Statement
Year ended December 31, 2021

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
Lim Ming Yan *(Appointed on February 22, 2021)*

The Audit Committee held six 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 re-appointment 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 re-appointment.

On behalf of the Board of Directors

Ang Kong Hua
Chairman

Wong Kim Yin
Director

Singapore
February 23, 2022

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, 2021, 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 a summary of significant accounting policies as set out on pages 51 to 112.

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, 2021 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, long-term contracts, and interests in associates and joint ventures and goodwill (collectively, the Group's non-financial assets)
(Refer to Notes D1, D3 and G4 to the financial statements: property, plant and equipment of S$7,094,000,000, goodwill of S$159,000,000, long-term contracts of S$103,000,000 and associates and joint ventures of S$1,600,000,000).

Risk:
As at December 31, 2021, the Group's non-financial assets for the Conventional Energy segment amounted to S$5,022,000,000. The Group's key Conventional Energy segment assets are in China, India, Singapore and United Kingdom.

Management performs impairment assessment of these assets at least annually and as and when indicators of impairment occur. As a result of management's impairment review, the Group recognised impairment losses totalling S$212,000,000 as the recoverable amounts for certain CGUs did not support the assets' carrying amounts.

An impairment loss exists when the net carrying amount of the assets is in excess of the recoverable amount. 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 amount 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 discount rates, gross margin forecasts and plant load factors. The gross margin forecasts and plant load factors take into account expected customer demand and forecasted tariff rates. These are inherently subject to estimation uncertainties as well as political and regulatory developments.

Independent Auditors' Report

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

Impairment assessment of property, plant and equipment, long-term contracts, and interests in associates and joint ventures and goodwill (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, including our valuation specialists to the extent appropriate, reviewed the key assumptions supporting the value-in-use calculations to arrive at the recoverable amounts of these CGUs. We compared the plant load factors and gross margin forecasts to what has been achieved historically and taking into consideration prevailing industry trends. We compared the discount rates to available market observable data including market and country risk premiums and any asset-specific risk premium.

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

We assessed the related disclosures on key assumptions applied in determining the recoverable amounts of the CGUs.

Our findings:

The Group has a process for identifying and reviewing the CGUs for impairment testing. The impairment assessments incorporated the known relevant considerations as at the balance sheet date. The disclosures describing the inherent degree of estimation uncertainty and the sensitivity of the assumptions applied are appropriate.

Valuation of trade and service concession receivables

(Refer to Note E1 to the financial statements: Trade receivables of S$1,000,000,000 and service concession receivables of S$956,000,000)

Risk:

As at December 31, 2021, the Group's gross trade and service concession receivables totalled S$1,956,000,000 against which a loss allowance of S$46,000,000 was recorded.

Management estimates the loss allowance based on the ageing of overdue balances, repayment histories of individual debtors, existing customer-specific and 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 reviewed significant inputs to the model which management uses to estimate the Group's expected credit loss and considered the reasonableness of these inputs.

We assessed the adequacy of disclosures in describing the areas of judgement and estimation uncertainties involving management's assessment on recoverability of these receivables.

Our findings:

The Group has processes to assess credit risk and determine the amount of loss allowance to be recognised on trade and service concession receivables.

Management's assessment of the recoverability of these receivables are supported by available evidence.

We found the disclosures in describing the areas of judgement and inherent degree of estimation uncertainties involved, to be appropriate.

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:

- Group FY2021 Highlights
- Chairman and CEO's Statement
- Group Financial Review
- Renewables Review
- Integrated Urban Solutions Review
- Conventional Energy Review
- Directors' Statement

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

- Our Leadership
- Environmental, Social and Governance Review
- Corporate Information
- Supplementary Information
- 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.

Independent Auditors' Report

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
February 23, 2022

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Consolidated Financial Statements

Notes to the Financial Statements

Balance Sheets

As at December 31, 2021

(S$ million)	Note	Group 2021	Group 2020	Company 2021	Company 2020
Non-current assets					
Property, plant and equipment	D1	7,094	7,204	365	383
Investment properties	D2	138	135	–	–
Investments in subsidiaries	G1	–	–	2,309	2,308
Associates and joint ventures	G4	1,600	1,588	–	–
Other financial assets	H1	219	250	–	–
Trade and other receivables	E1	982	995	3	3
Contract costs	B2(c)	1	1	–	–
Intangible assets	D3	390	348	25	26
Deferred tax assets	B3(b)	38	37	–	–
		10,462	10,558	2,702	2,720
Current assets					
Inventories	E2	222	196	7	4
Trade and other receivables	E1	1,986	1,571	115	91
Contract assets	B2(c)	28	15	–	–
Contract costs	B2(c)	1	1	–	–
Assets held for sale	B7	–	30	–	–
Other financial assets	H1	352	159	–	–
Cash and cash equivalents	E4	1,344	1,032	427	358
		3,933	3,004	549	453
Total assets		14,395	13,562	3,251	3,173
Current liabilities					
Trade and other payables	E3	1,708	1,159	155	99
Lease liabilities	D1.1	14	11	5	4
Contract liabilities	B2(c)	121	141	2	3
Provisions	H2	40	26	19	11
Other financial liabilities	H1	87	40	–	–
Current tax payable		181	157	49	55
Interest-bearing borrowings	C5	754	593	–	–
		2,905	2,127	230	172
Net current assets		1,028	877	319	281

(S$ million)	Note	Group 2021	Group 2020	Company 2021	Company 2020
Non-current liabilities					
Deferred tax liabilities	B3(b)	392	294	25	28
Other long-term payables	E3	105	108	1,465	1,613
Lease liabilities	D1.1	244	215	110	112
Provisions	H2	64	38	12	11
Other financial liabilities	H1	56	98	–	–
Interest-bearing borrowings	C5	6,637	7,135	–	–
Contract liabilities	B2(c)	74	71	27	28
		7,572	7,959	1,639	1,792
Total liabilities		10,477	10,086	1,869	1,964
Net assets		3,918	3,476	1,382	1,209
Equity attributable to owners of the Company:					
Share capital	C2	566	566	566	566
Reserve for own shares	C3	(15)	(11)	(15)	(11)
Other reserves	C3	(133)	(369)	5	*
Revenue reserve		3,349	3,153	826	654
		3,767	3,339	1,382	1,209
Non-controlling interests	G2	151	137	–	–
Total equity		3,918	3,476	1,382	1,209

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

Consolidated Statement of Profit or Loss

Year ended December 31, 2021

(S$ million)	Note	Group 2021	Group 2020
Continuing operations			
Turnover	B1, B2	7,795	5,447
Cost of sales		(6,693)	(4,660)
Gross profit		1,102	787
General and administrative expenses		(432)	(344)
Other operating income, net		140	126
Non-operating income		22	49
Non-operating expenses		(218)	(176)
Finance income	C6	26	35
Finance costs	C6	(423)	(499)
Share of results of associates and joint ventures, net of tax		206	233
Profit before tax		423	211
Tax expense	B3	(123)	(32)
Profit from continuing operations[1]	B4	300	179
Discontinued operation			
Loss from discontinued operation, net of tax[1]	G6	–	(330)
Loss on the Distribution[2]		–	(970)
Loss from discontinued operation		–	(1,300)
Profit / (Loss) for the year		300	(1,121)
Profit / (Loss) attributable to:			
Owners of the Company:			
Profit from continuing operations		279	157
Loss from discontinued operation		–	(1,154)
Profit / (Loss) attributable to owners of the Company		279	(997)
Non-controlling interests:			
Profit from continuing operations		21	22
Loss from discontinued operation		–	(146)
Profit / (Loss) attributable to non-controlling interests		21	(124)
Profit / (Loss) for the year		300	(1,121)
Earnings per share (cents):	B5		
Basic		15.63	(56.81)
Diluted[3]		15.44	(56.81)
Earnings per share (cents) – Continuing operations:	B5		
Basic		15.63	7.84
Diluted		15.44	7.78

[1] After elimination of inter-segment finance income of S$nil (2020: S$38 million) with corresponding reduction of inter-segment finance expense in discontinued operation.

[2] On September 11, 2020, the Company distributed its holdings of ordinary shares in the capital of a subsidiary, Sembcorp Marine Ltd (SCM) to its shareholders (the Distribution).

[3] In computing the 2020 fully diluted earnings per ordinary shares, the weighted average number of shares was not adjusted for the effects of all dilutive potential ordinary shares as at December 31, 2020 as these potential ordinary shares would be antidilutive.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2021

(S$ million)	Note	Group 2021	Group 2020
Profit / (Loss) for the year		300	(1,121)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		84	(17)
Exchange differences on monetary items forming part of net investment in foreign operation		1	(2)
Net change in fair value of cash flow hedges		181	(143)
Net change in fair value of cash flow hedges reclassified to profit or loss		(2)	105
Cost of hedging reserve – changes in fair value		(46)	(43)
Cost of hedging reserve – reclassified to profit or loss		47	42
Realisation of reserves upon the Distribution		–	(125)
Realisation of reserves upon disposal / liquidation of subsidiaries and assets held for sale		*	36
Share of other comprehensive income of associates and joint ventures		35	(16)
Net change in fair value of cash flow hedges reclassified to cost of investment of a subsidiary	F2	(1)	–
Income tax relating to these items	B3(c)	(31)	1
		268	(162)
Items that may not be reclassified subsequently to profit or loss:			
Defined benefit plan actuarial gains and losses		20	(11)
Change in fair value of financial assets at fair value through other comprehensive income		(20)	(14)
Income tax relating to these items	B3(c)	(6)	2
		(6)	(23)
Other comprehensive income / (loss) for the year, net of tax	B3(c)	262	(185)
Total comprehensive income / (loss) for the year		562	(1,306)
Total comprehensive income / (loss) attributable to:			
Owners of the Company		536	(1,180)
Non-controlling interests		26	(126)
Total comprehensive income / (loss) for the year		562	(1,306)
Total comprehensive income / (loss) attributable to owners of the Company:			
Continuing operations		536	(26)
Discontinued operation		–	(1,154)
		536	(1,180)

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

Consolidated Statement of Changes in Equity

Year ended December 31, 2021

	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	Cost of hedging reserve	Revenue reserve	Total	Perpetual securities	Total	Non-controlling interests	Total equity
Group															
Balance at January 1, 2021	566	(11)	(475)	160	29	(10)	60	(132)	(1)	3,153	3,339	–	3,339	137	3,476
Total comprehensive income for the year															
Profit for the year	–	–	–	–	–	–	–	–	–	279	279	–	279	21	300
Other comprehensive income															
Foreign currency translation differences for foreign operations	–	–	81	–	–	–	–	–	–	–	81	–	81	3	84
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	1	–	–	–	–	–	–	–	1	–	1	–	1
Net change in fair value of cash flow hedges	–	–	–	–	–	–	–	136	–	–	136	–	136	2	138
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	–	–	–	–	10	–	–	10	–	10	–	10
Cost of hedging reserve – changes in fair value	–	–	–	–	–	–	–	–	(46)	–	(46)	–	(46)	–	(46)
Cost of hedging reserve – reclassified to profit or loss	–	–	–	–	–	–	–	–	47	–	47	–	47	–	47
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	(20)	–	–	–	(20)	–	(20)	–	(20)
Realisation of reserves upon disposal / liquidation of subsidiaries and asset held for sale	–	–	*	–	–	–	–	–	–	–	*	–	*	–	*
Transfer of reserves	–	–	(8)	(2)	–	*	*	–	–	10	–	–	–	–	–
Net change in fair value of cash flow hedges reclassified to cost of investment of a subsidiary	–	–	–	–	–	–	–	(1)	–	–	(1)	–	(1)	–	(1)
Defined benefit plan actuarial gains and losses	–	–	–	–	–	–	–	–	–	14	14	–	14	*	14
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	–	–	35	–	*	35	–	35	–	35
Total other comprehensive income for the year	–	–	74	(2)	–	*	(20)	180	1	24	257	–	257	5	262
Total comprehensive income for the year	–	–	74	(2)	–	*	(20)	180	1	303	536	–	536	26	562
Transactions with owners of the Company, recognised directly in equity															
Share-based payments	–	–	–	–	–	14	–	–	–	–	14	–	14	–	14
Purchase of treasury shares	–	(13)	–	–	–	–	–	–	–	–	(13)	–	(13)	–	(13)
Treasury shares transferred to employees	–	9	–	–	–	(9)	–	–	–	–	–	–	–	–	–
Acquisition of non-controlling interests	–	–	–	(2)	–	–	–	–	–	–	(2)	–	(2)	2	–
Dividend paid to owners (Note C4)	–	–	–	–	–	–	–	–	–	(107)	(107)	–	(107)	–	(107)
Dividend paid / payable to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(14)	(14)
Total transactions with owners	–	(4)	–	(2)	–	5	–	–	–	(107)	(108)	–	(108)	(12)	(120)
At December 31, 2021	566	(15)	(401)	156	29	(5)	40	48	–	3,349	3,767	–	3,767	151	3,918

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

Consolidated Statement of Changes in Equity

Year ended December 31, 2021

(S$ million)	Attributable to owners of the Company														
	Share capital	Reserve for own shares	Foreign currency translation reserve	Capital reserve	Merger reserve	Share-based payments reserve	Fair value reserve	Hedging reserve	Cost of hedging reserve	Revenue reserve	Total	Perpetual securities	Total	Non-controlling interests	Total equity
Group															
Balance at January 1, 2020	566	(4)	(482)	156	29	(9)	74	(87)	–	5,827	6,070	801	6,871	1,008	7,879
Total comprehensive income for the year															
Loss for the year	–	–	–	–	–	–	–	–	–	(997)	(997)	–	(997)	(124)	(1,121)
Other comprehensive income															
Foreign currency translation differences for foreign operations	–	–	(22)	–	–	–	–	–	–	–	(22)	–	(22)	5	(17)
Exchange differences on monetary items forming part of net investment in foreign operation	–	–	(2)	–	–	–	–	–	–	–	(2)	–	(2)	–	(2)
Net change in fair value of cash flow hedges	–	–	–	–	–	–	–	(115)	–	–	(115)	–	(115)	(13)	(128)
Net change in fair value of cash flow hedges reclassified to profit or loss	–	–	–	–	–	–	–	86	–	–	86	–	86	5	91
Cost of hedging reserve – changes in fair value	–	–	–	–	–	–	–	–	(43)	–	(43)	–	(43)	–	(43)
Cost of hedging reserve – reclassified to profit or loss	–	–	–	–	–	–	–	–	42	–	42	–	42	–	42
Net change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	(14)	–	–	–	(14)	–	(14)	–	(14)
Realisation of reserves upon the Distribution	–	–	–	(125)	–	–	–	–	–	–	(125)	–	(125)	–	(125)
Realisation of reserves upon disposal of subsidiaries / assets held for sale	–	–	31	4	–	*	–	–	–	–	35	–	35	1	36
Defined benefit plan actuarial gains and losses	–	–	–	–	–	–	–	–	–	(9)	(9)	–	(9)	*	(9)
Share of other comprehensive income of associates and joint ventures	–	–	–	–	–	–	–	(16)	–	–	(16)	–	(16)	–	(16)
Total other comprehensive income for the year	–	–	7	(121)	–	*	(14)	(45)	(1)	(9)	(183)	–	(183)	(2)	(185)
Total comprehensive income for the year	–	–	7	(121)	–	*	(14)	(45)	(1)	(1,006)	(1,180)	–	(1,180)	(126)	(1,306)
Transactions with owners of the Company, recognised directly in equity															
Contribution by non-controlling interests	–	–	–	125	–	–	–	–	–	–	125	–	125	474	599
Capital reduction / distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	*	*
Share-based payments	–	–	–	–	–	8	–	–	–	–	8	–	8	*	8
Purchase of treasury shares	–	(16)	–	–	–	–	–	–	–	–	(16)	–	(16)	–	(16)
Treasury shares transferred to employees	–	9	–	–	–	(9)	–	–	–	–	–	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	*	–
Disposal of non-controlling interest in subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,208)	(1,208)
Perpetual securities distribution paid	–	–	–	–	–	–	–	–	–	–	–	(818)	(818)	–	(818)
Accrued perpetual securities distribution (Note C4)	–	–	–	–	–	–	–	–	–	(17)	(17)	17	–	–	–
Transfer of reserve	–	–	–	*	–	–	–	–	–	*	–	–	–	–	–
Dividend paid to owners (Note C4)	–	–	–	–	–	–	–	–	–	(54)	(54)	–	(54)	–	(54)
Dividend paid / payable to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(11)	(11)
Dividend distribution in specie (Note G6)	–	–	–	–	–	–	–	–	–	(1,597)	(1,597)	–	(1,597)	–	(1,597)
Total transactions with owners	–	(7)	–	125	–	(1)	–	–	–	(1,668)	(1,551)	(801)	(2,352)	(745)	(3,097)
At December 31, 2020	566	(11)	(475)	160	29	(10)	60	(132)	(1)	3,153	3,339	–	3,339	137	3,476

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

Consolidated Statement of Cash Flows

Year ended December 31, 2021

(S$ million)	Note	Group 2021	Group 2020
Cash flows from operating activities			
Profit for the year:			
Continuing operations		300	179
Discontinued operation		–	(1,300)
Adjustments for:			
Dividend		(2)	(2)
Finance income		(26)	(73)
Finance costs		423	569
Depreciation and amortisation		457	579
Amortisation of deferred income and capital grants		(4)	(4)
Share of results of associates and joint ventures, net of tax		(206)	(233)
Gain / (Loss) on disposal of:			
– property, plant and equipment, intangible assets and other financial assets		(21)	(9)
– assets held for sale		(3)	30
Loss / (Gain) on disposal and liquidation of subsidiaries		3	(20)
Changes in fair value of financial instruments		(29)	25
Loss on the Distribution		–	970
Equity settled share-based compensation expenses		14	8
Allowance for:			
– impairment of investment in an associate and a joint venture		212	113
– impairment loss in value of assets and assets written off, net		11	70
– impairment of goodwill		–	27
– expected credit loss		19	11
– intangible assets		*	6
– impairment on assets held for sale		1	4
Negative goodwill		–	(17)
Provision for remediation of legacy sites		30	4
Inventories written down and allowance for stock obsolescence (net)		2	134
Tax expense	B3(a)	123	(25)
Operating profit before working capital changes		1,304	1,046
Changes in:			
Inventories		(28)	(50)
Receivables	(i)	(489)	(51)
Payables		498	(301)
Contract costs		*	(5)
Contract assets		(13)	(163)
Contract liabilities		(17)	118
		1,255	594
Tax paid		(36)	(103)
Net cash from operating activities		1,219	491

(S$ million)	Note	Group 2021	Group 2020
Cash flows from investing activities			
Dividend received		95	198
Interest received		30	68
Proceeds from:			
– disposal of interests in subsidiaries, net of cash disposed		–	54
– divestment of asset held for sale		30	47
– sale of property, plant and equipment		17	14
– sale of intangible assets		*	*
– disposal of other financial assets and business		311	150
Loan repayment from related parties		–	1
Non-trade balances with related corporations, net of repayment		–	5
Acquisition of subsidiaries, net of cash acquired		–	(9)
Acquisition of additional investments in joint ventures and associates		*	(2)
Acquisition of other financial assets		(293)	(165)
Purchase of property, plant and equipment and investment properties		(282)	(318)
Purchase of intangible assets		(8)	(15)
Distribution in specie, net of cash in SCM		–	(1,309)
Net cash used in investing activities		(100)	(1,281)
Cash flows from financing activities			
Proceeds from share issued to non-controlling interests of subsidiaries		–	599
Proceeds from share options exercised with issue of treasury shares		–	(1)
Purchase of treasury shares		(13)	(15)
Repayment of lease liabilities		(15)	(28)
Proceeds from borrowings		3,403	5,241
Repayment of borrowings		(3,752)	(4,351)
Dividends paid to owners of the Company		(107)	(54)
Dividends paid to non-controlling interests of subsidiaries		(17)	(8)
Payment in restricted cash held as collateral		(24)	5
Perpetual securities distribution paid		–	(818)
Capital reduction paid to non-controlling interests		–	*
Interest paid		(330)	(515)
Net cash (used in) / from financing activities		(855)	55
Net increase / (decrease) in cash and cash equivalents		264	(735)
Cash and cash equivalents at beginning of the year		1,009	1,740
Effect of exchange rate changes on balances held in foreign currency		24	4
Cash and cash equivalents at end of the year	E4	1,297	1,009

i. In 2020, the Group has received strategic spares of S$16 million as settlement with a vendor recognised in 2019 under other receivables.

ii. In September 2020, the Company subscribed to SCM's S$1.5 billion equity rights issue through the conversion of a loan receivable from SCM. The Company subsequently distributed all its shares in SCM to its ordinary shareholders through a distribution in specie (Note C4).

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 49.52% 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 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.

On May 27, 2021, the Group announced its strategic plan to transform its portfolio from brown to green, by focusing on growing its renewable energy and integrated urban solutions businesses, supporting sustainable development, in addition to the conventional energy business.

The financial statements were authorised for issue by the Board of Directors on February 23, 2022.

A1. Basis of Preparation

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

Impact of COVID-19

In 2021, border closures, production stoppages and workplace closures have resulted in slowdowns in the overall economies and activities, Integrated Urban Solutions' completion and handover of land and residential and commercial property sales and construction progress, to adhere to the respective governments' movement control measures. The COVID-19 related reliefs received from the Government in 2021 are disclosed in Note B4.

The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets. Uncertainties continue to persist with regard to the COVID-19 pandemic with the potential resurgence of infections globally, which could change these assumptions in the future.

A2. Summary of Significant Accounting Policies

The accounting policies have been applied consistently by Group entities to all periods presented in these financial statements. Besides the accounting polices described below, other 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. Summary of Significant Accounting Policies *(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. 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 interest

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 SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on January 1, 2021:

- *Amendments to SFRS(I) 16 COVID-19 Related Rent Concessions*
- *Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2 (IBOR Phase 2)*

In accordance with the transition provisions, the IBOR Phase 2 amendments are applied retrospectively to hedging relationships and financial instruments. The Group's comparative amounts have not been restated. Since the Group has no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at December 31, 2020, there is no impact on opening equity balances as a result of retrospective application.

The adoption of these amendments to standards and interpretations 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.

The Group is organised into business units based on nature of products and services and geographical location of the business or venture. In 2021, as part of the strategic plan to transform its portfolio from brown to green, the Group has re-organised its businesses into four (2020: three) reportable segments namely Renewables, Integrated Urban Solutions, Conventional Energy and Other businesses and Corporate. Consequently, prior year's reported segment information has been re-presented accordingly.

The operating segments outlined below have been identified based on reports reviewed by the Group's President & CEO that are used to make strategic decision, allocate resources, monitor, and assess performance. The performance of operating segments is evaluated based on net profit and is measured in accordance with the Group's accounting policies.

The principal activities of key subsidiaries are as follows:

i. Renewables

The Renewables segment's principal activities are the provision of electricity from solar and wind resources (both self-generated and imported), energy storage, trading of Energy Attribute Certificates 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;

ii. 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. This segment also includes carbon capture, utilisation and storage (CCUS) projects;

iii. Conventional Energy

The Conventional Energy 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 and coal). This segment also includes sale of water products from its integrated assets; and

iv. Other Businesses and Corporate

The Other Businesses and Corporate segment comprises 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 results of each reportable segment is included below.

(S$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Elimination	Total
2021						
Turnover						
External sales	354	465	6,679	297	–	7,795
Inter-segment sales	*	8	33	10	(51)	–
Total	**354**	**473**	**6,712**	**307**	**(51)**	**7,795**
Results						
Earnings before interest, taxes, depreciation and amortisation[1] (EBITDA)	251	143	964	(70)	–	1,288
Share of results of associates and joint ventures, net of tax	27	97	81	1	–	206
Adjusted EBITDA	**278**	**240**	**1,045**	**(69)**	**–**	**1,494**
Depreciation and amortisation	(82)	(54)	(313)	(8)	–	(457)
Other non-cash (expenses) / income:						
– Impairment of investment in a joint venture	–	–	(212)	–	–	(212)
– Allowance for impairment in value of assets and assets written off	*	(4)	(6)	(1)	–	(11)
– Others	*	–	1	5	–	6
Finance income	5	15	30	104	(128)	26
Finance costs	(117)	(13)	(300)	(121)	128	(423)
Profit / (Loss) before tax	**84**	**184**	**245**	**(90)**	**–**	**423**
Tax expense	(25)	(17)	(59)	(22)	–	(123)
Non-controlling interests	(3)	(6)	(12)	–	–	(21)
Profit / (Loss) for the year	**56**	**161**	**174**	**(112)**	**–**	**279**
Assets						
Segment assets	2,778	1,432	8,774	1,498	(1,744)	12,738
Associates and joint ventures	265	877	458	–	–	1,600
Tax assets	7	20	13	17	–	57
Total assets	**3,050**	**2,329**	**9,245**	**1,515**	**(1,744)**	**14,395**
Liabilities						
Segment liabilities	1,747	586	5,217	4,098	(1,744)	9,904
Tax liabilities	98	52	310	113	–	573
Total liabilities	**1,845**	**638**	**5,527**	**4,211**	**(1,744)**	**10,477**
Capital expenditure[2]	**189**	**50**	**71**	**7**	**–**	**317**

[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.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B1. Segments Information *(cont'd)*

a. Operating Segments *(cont'd)*

(S$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Elimination	Total
2020						
Turnover						
External sales	281	422	4,571	173	–	5,447
Inter-segment sales	*	7	23	10	(40)	–
Total	281	429	4,594	183	(40)	5,447
Results						
Earnings before interest, taxes, depreciation and amortisation[1] (EBITDA)	225	107	892	(40)	–	1,184
Share of results of associates and joint ventures, net of tax	27	103	102	1	–	233
Adjusted EBITDA	**252**	**210**	**994**	**(39)**	**–**	**1,417**
Depreciation and amortisation	(77)	(50)	(309)	(8)	–	(444)
Other non-cash income / (expenses):						
– Impairment of investment in an associate and a joint venture	–	–	(81)	(32)	–	(113)
– Allowance for impairment in value of assets and assets written off, net	(1)	(9)	(66)	*	–	(76)
– Write-off of inventory	–	–	(53)	–	–	(53)
– Write-down inventory to net realisable value	–	–	(45)	–	–	(45)
– Impairment of goodwill	–	–	(27)	–	–	(27)
– Negative goodwill	–	17	–	–	–	17
– Impairment of asset held for sale	–	(4)	–	–	–	(4)
– Others	*	–	1	2	–	3
Finance income	5	13	44	167	(194)	35
Finance costs	(127)	(16)	(344)	(168)	156	(499)
Profit before tax	**52**	**161**	**114**	**(78)**	**(38)**	**211**
Tax (expense) / credit	(7)	(16)	17	(26)	–	(32)
Non-controlling interests	1	(5)	(18)	–	–	(22)
Profit / (Loss) from continuing operations	**46**	**140**	**113**	**(104)**	**(38)**	**157**
Loss from discontinued operation, net of tax and NCI						(1,154)
Loss for the year						(997)
Assets						
Segment assets	2,731	1,442	8,076	2,340	(2,676)	11,913
Associates and joint ventures	227	743	618	–	–	1,588
Tax assets	7	20	15	19	–	61
Total assets	**2,965**	**2,205**	**8,709**	**2,359**	**(2,676)**	**13,562**
Liabilities						
Segment liabilities	1,665	703	5,912	4,031	(2,676)	9,635
Tax liabilities	71	50	226	104	–	451
Total liabilities	**1,736**	**753**	**6,138**	**4,135**	**(2,676)**	**10,086**
Capital expenditure[2]	**119**	**53**	**80**	**17**	**–**	**269**

[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.

b. Geographical Segments

The Group's geographical segments are presented in six principal geographical areas: Singapore, India, UK, Rest of Asia, China 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.

	Turnover		Capital Expenditure	
(S$ million)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Singapore	4,817	2,914	212	110
India	1,496	1,573	27	53
UK	859	460	58	30
Rest of Asia	379	211	7	38
China	210	191	13	33
Middle East	32	63	–	*
Other Countries	2	35	–	5
Total	7,795	5,447	317	269

	Non-current Assets		Total Assets	
(S$ million)	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
India	4,721	4,988	5,941	6,099
Singapore	1,967	1,878	3,464	2,740
China	1,436	1,577	1,948	2,069
Rest of Asia	1,303	1,236	1,586	1,519
UK	731	637	1,131	860
Middle East	290	234	311	264
Other Countries	14	8	14	11
Total	10,462	10,558	14,395	13,562

Majority of the Group's revenue is from Singapore and India which contributed to 62% (2020: 53%) and 19% (2020: 29%) respectively.

24% (2020: 20%) and 41% (2020: 45%) of the Group's total assets are located in Singapore and India respectively.

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 is commensurate 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 have 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 its revenue recognition of 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 rig, ship and construction. The assessment also encompasses the analysis of the industry outlook and customers' financial health.

Information regarding the turnover is included below:

(S$ million)	Note	2021	2020
Revenue from contracts with customers	(a)	7,790	5,444
Rental income		5	3
		7,795	5,447

There was no revenue from performance obligations satisfied or partially satisfied in previous periods due to change in estimate of the transaction price in 2021 and 2020.

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. Following the change in reportable segments in 2021 (see B1), certain product / service line items are re-presented.

	Reportable segments				
(S$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Total
2021					
Primary geographical markets					
Singapore	45	252	4,236	284	4,817
India	285	–	1,211	–	1,496
UK	20	–	838	1	859
Rest of Asia	4	3	362	10	379
China	*	205	*	*	205
Middle East	–	–	32	*	32
Other countries	–	–	–	2	2
Total	354	460	6,679	297	7,790
Major product / service lines					
Provision of energy products and related services (including electricity, gas and steam)	350	–	6,276	*	6,626
Provision of water products, reclamation of water and industrial wastewater treatment	–	187	126	–	313
Solid waste management	–	237	1	–	238
Service concession revenue	–	15	185	–	200
Construction and engineering related activities	–	–	–	271	271
Others	4	21	91	26	142
Total	354	460	6,679	297	7,790
Timing of revenue recognition					
Over time	319	446	6,677	271	7,713
At a point in time	35	14	2	26	77
Total	354	460	6,679	297	7,790

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

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

(S$ million)	Renewables	Integrated Urban Solutions	Conventional Energy	Other Businesses and Corporate	Total
	Reportable segments				
2020					
Primary geographical markets					
Singapore	10	197	2,546	161	2,914
India	262	–	1,312	–	1,574
UK	9	–	451	*	460
Rest of Asia	–	3	198	10	211
China	–	186	1	*	187
Middle East	–	–	63	–	63
Other countries	–	33	–	2	35
Total	281	419	4,571	173	5,444
Major product / service lines					
Provision of energy products and related services (including electricity, gas and steam)	281	–	4,114	*	4,395
Provision of water products, reclamation of water and industrial wastewater treatment	–	177	127	–	304
Solid waste management	–	183	–	–	183
Service concession revenue	–	40	198	–	238
Construction and engineering related activities	–	–	–	151	151
Others	*	19	132	22	173
Total	281	419	4,571	173	5,444
Timing of revenue recognition					
Over time	271	407	4,570	149	5,397
At a point in time	10	12	1	24	47
Total	281	419	4,571	173	5,444

Service concession revenue included interest revenue of S$64 million (2020: S$68 million).

b. Transaction Price Allocated to Remaining Performance Obligations

Accounting policies

The Group applies 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
2021					
Segment					
Renewables	(i)	–	–	–	–
Integrated Urban Solutions		88	206	218	512
Conventional Energy		1,346	1,252	436	3,034
Other Businesses and Corporate		336	654	–	990
Total		1,770	2,112	654	4,536
2020					
Segment					
Renewables	(i)	–	–	–	–
Integrated Urban Solutions		71	164	636	871
Conventional Energy		1,051	2,378	537	3,966
Other Businesses and Corporate		319	773	–	1,092
Total		1,441	3,315	1,173	5,929

i. 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.

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 2021	Group 2020	Company 2021	Company 2020
Contract assets	28	15	–	–
Contract liabilities				
Current	121	141	2	3
Non-current	74	71	27	28
Total	195	212	29	31

Contract assets

The contract assets primarily relate to the Group's conditional rights to consideration for work completed or utilities delivered but not yet billed at the balance sheet date. If the value of the goods transferred or services rendered for the contract exceeds payments received from customers, a contract asset is recognised. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

In 2021, these contracts relate to the right to consideration in respect of renewable obligation certificates and infrastructure construction. In 2020, these contracts relate to the Group's infrastructure construction. The contract assets are transferred to trade receivables when the rights become unconditional.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B2. Turnover *(cont'd)*

c. Assets and Liabilities Related to Contracts with Customers *(cont'd)*

Contract Assets and Contract Liabilities *(cont'd)*

Significant changes in the contract assets balances during the period are as follows:

	Group		Company	
(S$ million)	2021	2020[1]	2021	2020
Transfer of contract assets recognised at the beginning of the year to trade receivables	(10)	(301)	–	–
Recognition of revenue, net of transfer to trade receivables during the year	25	461	–	–
Distribution of a subsidiary	–	(1,649)	–	–
Cumulative catch-up adjustments arising from:				
– Changes in measurement of progress	*	(1)	–	–
– Contract modifications	(2)	3	–	–

[1] 2020 included amount from the discontinued operation prior to the Distribution.

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.

Significant changes in the contract liabilities balances during the year are as follows:

	Group		Company	
(S$ million)	2021	2020[1]	2021	2020
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(130)	(137)	(3)	(3)
Increases due to cash received, excluding amounts recognised as revenue during the year	115	257	–	–
Distribution of a subsidiary	–	(147)	–	–
Currency translation changes	3	2	–	–
Cumulative catch-up adjustments arising from:				
– Changes in measurement of progress	(3)	2	–	–
– Contract modifications	(4)	(2)	–	–

[1] 2020 included amount from the discontinued operation prior to the Distribution.

Contract Costs

The Group capitalises costs incurred in fulfilling the contract as contract costs only if (a) these costs can be specifically identified as costs relating directly to a contract or an anticipated contract; (b) these costs generate or enhance resources that will be used in satisfying performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are expensed to profit or loss immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

	Group	
(S$ million)	December 31, 2021	December 31, 2020
Current assets		
Costs to secure contracts	1	1
Fulfilment cost	*	*
Total	1	1
Non-current assets		
Costs to secure contracts	1	1

Costs to secure contracts

Management expects the incremental costs of securing contracts to be recoverable. The Group has therefore capitalised them in the amount of less than S$1 million (2020: less than S$1 million) as at December 31, 2021.

Fulfilment cost

Costs incurred relating to construction that are to be sold upon completion are capitalised as fulfilment cost for future performance obligations. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised. In 2021, S$nil (2020: S$167 million mainly from the discontinued operation prior to the Distribution) was amortised to cost of sales and there was no impairment losses (2020: S$nil).

B3. Taxation

This note explains how our Group 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. Tax expense is recognised in profit or loss except to the extent that it relates to business combinations, or to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

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.

Current tax is the expected tax payable or recoverable in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

a. Tax Expenses *(cont'd)*

Accounting policies *(cont'd)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for accounting purposes and for taxation purposes. 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 that affects neither accounting nor taxable profit or loss; 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 is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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 takes into account 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 2021	Group 2020
Current tax expense			
Current year		66	55
Over provided in prior years		(14)	(17)
Foreign withholding tax		9	18
		61	56
Deferred tax expense			
Movements in temporary differences		33	(29)
Under provided in prior years		15	4
Effect of changes in tax rates	(i)	15	*
		63	(25)
Land appreciation tax expense			
Current year		(1)	1
Tax expense on continuing operations		123	32

Reconciliation of effective tax rate

(S$ million)	Note	Group 2021	Group 2020
Profit for the year from continuing operations		300	179
Total tax expense		123	32
Share of results of associates and joint ventures, net of tax		(206)	(233)
Profit / (Loss) before share of results of associates and joint ventures, and tax expense from continuing operations		217	(22)
Tax using Singapore tax rate of 17%		37	(4)
Effect of changes in tax rates	(i)	15	*
Effect of different tax rates in foreign jurisdictions		14	22
Tax incentives and income not subject to tax		(46)	(22)
Expenses not deductible for tax purposes		92	42
Utilisation of deferred tax benefits not previously recognised		(12)	(27)
Under / (Over) provided in prior years		1	(13)
Deferred tax benefits not recognised		6	5
Foreign withholding tax		9	18
Deferred tax on unremitted dividend income		2	5
Land appreciation tax		(1)	1
Effect of tax reduction on land appreciation tax		–	*
Others		6	5
Tax expense on continuing operations		123	32

i. Related to the enactment of United Kingdom (UK) corporation tax rate from 19% to 25%, which will take effect from 2023.

b. Deferred Tax Assets and Liabilities

Accounting policies

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.

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.

Key estimates and judgements

Certain Group entities have tax benefits arising from unutilised tax losses, tax credits and deductible temporary differences, which are available for offset against future taxable profits. The utilisation of these tax benefits, for which deferred tax asset was recognised, is premised on these Group entities' ability to generate taxable profits in the foreseeable future.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

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

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

	Group				
(S$ million)	At January 1	Recognised in profit or loss continuing operations (Note (a))	Recognised in equity (Note (c))	Translation adjustments	At December 31
2021					
Deferred tax liabilities					
Property, plant and equipment	400	61	–	(5)	456
Other financial assets	24	*	19	*	43
Trade and other receivables	30	2	–	–	32
Intangible assets	30	(2)	–	*	28
Other items	5	7	5	*	17
Total	489	68	24	(5)	576
Deferred tax assets					
Property, plant and equipment	(86)	7	–	*	(79)
Inventories	(2)	*	–	–	(2)
Trade receivables	(3)	(1)	–	*	(4)
Trade and other payables	(12)	*	–	(1)	(13)
Tax losses	(45)	(26)	–	2	(69)
Provisions	(30)	2	–	*	(28)
Other financial liabilities	(26)	*	13	1	(12)
Retirement benefit obligations	6	*	–	*	6
Other items	(34)	13	–	*	(21)
Total	(232)	(5)	13	2	(222)

	Group								
(S$ million)	At January 1	Recognised in profit or loss continuing operations (Note (a))	Recognised in profit or loss discontinued operation	Recognised in equity (Note (c))	Acquisition of subsidiary	Disposal of subsidiary	Distribution of a subsidiary	Translation adjustments	At December 31
2020									
Deferred tax liabilities									
Property, plant and equipment	445	53	(5)	*	2	(1)	(85)	(9)	400
Other financial assets	28	*	–	(4)	–	–	–	*	24
Trade and other receivables	25	5	–	–	–	–	–	–	30
Intangible assets	62	(3)	(1)	–	2	–	(28)	(2)	30
Other items	5	3	*	(2)	–	*	(1)	*	5
Total	565	58	(6)	(6)	4	(1)	(114)	(11)	489
Deferred tax assets									
Property, plant and equipment	(160)	(7)	2	–	–	*	79	*	(86)
Inventories	(2)	*	*	–	–	–	*	–	(2)
Trade receivables	(3)	*	*	–	–	*	*	*	(3)
Trade and other payables	(28)	(1)	(4)	*	*	–	21	*	(12)
Tax losses	(6)	(52)	(57)	–	–	*	65	5	(45)
Provisions	(45)	*	*	–	–	–	15	*	(30)
Other financial liabilities	(29)	(1)	–	3	–	–	1	*	(26)
Retirement benefit obligations	6	*	*	–	–	–	*	*	6
Other items	(12)	(22)	–	–	–	*	*	*	(34)
Total	(279)	(83)	(59)	3	*	*	181	5	(232)

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B3. Taxation *(cont'd)*

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

(S$ million)	Company				
	At January 1, 2020	Recognised in profit or loss	At December 31, 2020	Recognised in profit or loss	At December 31, 2021
Deferred tax liabilities					
Property, plant and equipment	36	(1)	35	(4)	31
Deferred tax assets					
Provisions	(7)	*	(7)	1	(6)

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

(S$ million)	Group		Company	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Deferred tax liabilities	392	294	25	28
Deferred tax assets	(38)	(37)	–	–
	354	257	25	28

As at December 31, 2021, a deferred tax liability of S$3 million (2020: S$2 million) for potential taxable temporary differences arising from undistributed retained earnings related to investment in subsidiaries and joint ventures was not recognised.

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:

(S$ million)	Group	
	December 31, 2021	December 31, 2020
Deductible temporary differences	49	44
Tax losses	95	146
Capital allowances	60	49
	204	239

Tax losses of the Group amounting to S$53 million (2020: S$44 million) will expire between 2022 and 2027 (2020: 2021 and 2026). 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 of S$1,041 million (2020: S$998 million) have been set off against the unused tax losses.

c. Other Comprehensive Income

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

(S$ million)	Group					
	2021			2020		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Cash flow hedges: net movement in hedging reserves	178	(31)	147	(38)	1	(37)
Defined benefit plan actuarial gains and losses	20	(6)	14	(11)	2	(9)
	198	(37)	161	(49)	3	(46)

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.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

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

Detailed below are the key amounts recognised in arriving at our profit for the year:

(S$ million)	Note	Group 2021	Group 2020
a. Expenses			
Materials		5,323	3,293
Staff costs:			
– salaries, bonuses and other personnel related costs		454	371
– contributions to defined contribution plan		36	27
– equity-settled share-based payments	B6	14	8
– cash-settled share-based payments	B6	*	*
– contributions to defined benefit plan		1	1
Depreciation:			
– property, plant and equipment	D1	432	413
– investment properties	D2	3	4
Sub-contract cost		282	184
Repair and maintenance		99	114
Provision for remediation of legacy sites	H2	30	4
Amortisation of intangible assets	D3	22	27
Allowance for / (write-back of) impairment losses (net):			
– receivables and contract assets	F4	19	11
– property, plant and equipment	D1, (i)	3	64
– intangible assets, excluding goodwill	D3, (i)	*	6
Property, plant and equipment written off		8	6
Inventories written off and written down	E2	2	98
Audit fees paid / payable to:			
– auditors of the Company		1	2
– other member firms of KPMG International		2	1
– other auditors		*	*
Non-audit fees paid / payable to:			
– auditors of the Company		*	1
– other member firms of KPMG International		*	*
– other auditors		*	*
Intangible assets written off	D3	*	*
Bad debts written off		*	*

(S$ million)	Note	Group 2021	Group 2020
b. Other operating income / (expenses)			
Net change in fair value of financial assets at FVTPL (mandatorily measured)		43	(27)
Grants received (income related)	(ii)	20	38
Gain on disposal of property, plant and equipment		13	5
Net exchange gain / (loss)		7	15
Gain from derecognition of financial assets		–	3
Net change in fair value of cash flow hedges		–	*
c. Non-operating income / (expenses)			
Gain / (Loss) on disposal / liquidation of:			
– other financial assets		8	3
– assets held for sale	B7	3	(30)
– subsidiaries		(3)	23
Net change in fair value of financial assets at FVTPL (designated on initial recognition)		7	2
Gross dividend income from financial assets at FVOCI		2	2
Allowance for impairment losses:			
– associate and joint venture		(212)	(113)
– assets held for sale	(iii)	(1)	(4)
– goodwill	(i)	–	(27)
Negative goodwill		–	17

i. In 2020, there were changes in market conditions from what was assumed at the time of purchase, the remaining goodwill ascribed for UKPR's acquisition of S$27 million was impaired based on the estimated value-in-use (VIU) from a revised strategy for the business to focus primarily in the grid services market. Together with the impairment losses on property, plant and equipment of S$34 million and long-term customer contracts of S$6 million, the total impairment charge recognised in 2020 amounted to S$67 million.

   The recoverable amounts of these assets were based on cash flow projection for the estimated remaining useful life of the plants ranging up to 2039. The cash flow took into consideration the increase in energy capacity and reduction on underlying demand due to energy efficiency and reduced industrial production. These factors negatively impacted the market supply and demand forecast on the estimated electricity and forecasted margins. Inflation rate of 2.5% has been used to project overheads and other general expenses.

ii. Grant income of S$20 million (2020: S$38 million) in 2021 included S$10 million (2020: S$34 million) COVID-19 related relief mainly in the form of Jobs Support Scheme (JSS) and Job Growth Incentive (JGI). The JSS and JGI are temporary schemes introduced in the Singapore Budget to help enterprises retain and expand the hiring of local employees.

iii. Assets held for sale were measured at fair value less cost to sell as at December 31 of preceding year. Impairment arose as a result of increased book value during the year up to the date of disposal.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

B5. Earnings Per Share

(S$ million)	Group 2021	Group 2020
a. Profit / (Loss) attributable to owners of the Company:		
Continuing operations:		
Profit attributable to equity holders of the Company	279	157
Less: Profit attributable to perpetual security holders of the Company	–	(17)
	279	140
Discontinued operation:		
Loss from discontinued operation, net of tax attributable to owners of the Company	–	(1,154)
Profit / (Loss) for the year attributable to owners of the Company	279	(1,014)
b. Weighted average number of ordinary shares (in million)		
Issued ordinary shares at January 1	1,781	1,786
Effect of performance shares and restricted shares released	4	3
Effect of own shares held	(1)	(4)
Weighted average number of ordinary shares	1,784	1,785
Adjustment for dilutive potential ordinary shares		
– performance shares	15	8
– restricted shares	7	7
Weighted average number of ordinary shares adjusted for all dilutive potential shares	1,806	1,800
c. Earnings per ordinary share (cents)		
– basic[1]	15.63	(56.81)
– diluted[2, 3]	15.44	(56.81)
Earnings per ordinary share (cents) – Continuing operations		
– basic[1]	15.63	7.84
– diluted[2]	15.44	7.78

[1] Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company (excluding perpetual security holders) 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.

[3] In computing the 2020 fully diluted earnings per ordinary shares, the weighted average number of shares was not adjusted for the effects of all dilutive potential ordinary shares as at December 31, 2020 as these potential ordinary shares were antidilutive.

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.

To accelerate the Group's transformation from Brown to Green, the Board has approved a long term 5-year Transformation Incentive plan (PSP-TI). The PSP-TI's performance targets are aligned to the execution of the Environmental, Social, and Governance (ESG) transformation targets laid out in the 2025 Strategy Plan.

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.

Notes to the Financial Statements

B. Our Performance *(cont'd)*

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

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

(S$ million)	Note	2021	2020
Equity-settled share-based	(a)	14	8
Cash-settled share-based	(b)	*	*

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 2021, the performance conditions and number of shares to be released subject to the achievement of performance targets are as follows:

2- or 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 2021, 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.

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

	2021		2020	
	PSP	RSP	PSP	RSP
At January 1	7,682,784	10,512,748	5,319,353	4,010,900
Shares awarded	11,579,491	2,973,712	–	5,918,949
Shares released	–	(5,924,403)	–	(4,149,575)
Shares lapsed	(1,360,565)	(1,254,333)	(612,333)	(280,798)
Performance shares lapsed arising from targets not met	(3,604,282)	–	(849,553)	–
Conditional performance shares adjusted pursuant to the Distribution[1]	–	–	3,825,317	5,013,272
At December 31	14,297,428	6,307,724	7,682,784	10,512,748

[1] In 2020, as a result of the adjustments due to the Distribution, (a) an additional 3,825,317 SCI Shares are proposed to be released under the outstanding SCI Share Awards granted under the SCI PSP, assuming the full achievement of the requisite pre-determined performance conditions and targets over the performance period in respect of such outstanding SCI Share Awards; and (b) an additional 5,013,272 SCI Shares will be conditionally released under the outstanding SCI Share Awards granted under the SCI RSP over the requisite time period in respect of such outstanding SCI Share Awards.

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)*

SCI PSP

PSP awards granted have both market-based and non-market-based performance conditions. The Committee review achievement of the performance targets annually. For the period 2018 to 2020, as the result of not achieving the targets, no PSP shares granted were vested.

The total number of performance shares in awards granted conditionally and representing 100% of targets to be achieved, but not released as at December 31, 2021, was 14,297,428 (2020: 7,682,784). Based on the achievement factor, the actual release of the awards could range from zero to a maximum of 22,348,888 (2020: 11,524,176) performance shares.

SCI RSP

Of the restricted shares released, 420,456 (2020: 269,972) 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, 2021, was 6,307,724 (2020: 10,512,748). 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 6,307,724 (2020: 10,512,748) restricted shares.

Awards for the performance and corporate objectives achieved in 2021 will be granted in 2022 (2020: achieved in 2020 will be granted in 2021).

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			
	May 31, 2021	May 31, 2021	August 6, 2021	2020
Fair value at measurement date	S$2.84[1]	S$2.60[1]	S$1.67	NA
Assumptions under the Monte Carlo model				
Share price	S$2.23	S$2.23	S$2.00	NA
Expected volatility	36.5%	36.5%	NA	NA
Risk-free interest rate	0.4%	0.6%	0.4% – 1.3%	NA
Expected dividend	3.9%	4.2%	3.7%	NA

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

	RSP Date of Grant		
	March 30, 2021	May 31, 2021	February 27, 2020
Fair value at measurement date	S$1.78	S$2.15	S$1.81
Assumptions under the Monte Carlo model			
Share price	S$1.86	S$2.23	S$1.90
Expected volatility	35.5%	36.5%	23.4%
Risk-free interest rate	0.58%	0.47%	0.77% – 0.96%
Expected dividend	4.9%	4.2%	3.5%

b. Cash-settled share-based incentive

Based on achievement, the non-managerial participants of the Group will receive a cash-settled notional restricted shares award known as the Sembcorp Challenge Bonus.

There were no restricted shares awarded and paid under Sembcorp Challenge Bonus during the year. In 2020, with the ERCC's approval on the achievement factor for performance targets for the performance period 2019, a total of S$0.9 million, equivalent to 440,335 notional restricted shares, were awarded and paid.

B7. Assets 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.

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).

a. As at December 31, 2020, the carrying value of CSE Holding Pte Ltd, a wholly owned subsidiary, of S$30 million was classified as asset held for sale as the conditions precedent in the conditional agreement to divest its entire 32% stake in joint venture company Shenzhen Chiwan Sembawang Engineering Co (CSE) to Chixiao Enterprise Co were substantially met. The total gross consideration was RMB150 million (approximately S$30 million). The Group's share of the cumulative translation gain of S$3 million has been realised in profit or loss upon the completion of the sale on February 5, 2021.

b. On February 6, 2020, the Group divested 100% of their interest in the water business in Chile, which was classified as asset held for sale as at December 31, 2019. Upon completion of sale, the Group realised its share of the cumulative translation loss of S$31 million in profit or loss.

Notes to the Financial Statements

C. Our Funding

In 2021, the Group has tapped into new sources of financing, repositioning to transform its portfolio from brown to green. The Group issued its inaugural Green Bonds and sustainability-linked notes during the year. Please refer to Note C5 for further details.

Equity value as at December 31, 2021 is enhanced by the profit for the year and the favourable fuel price for the fuel oil swaps as well as appreciation of RMB, USD and GBP against SGD.

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 debt-to-capitalisation ratio as at the balance sheet date was as follows:

		Group	
(S$ million)	Note	2021	2020
Debt	C5	7,391	7,728
Total equity		3,918	3,476
Total debt and equity		11,309	11,204
Debt-to-capitalisation ratio		0.65	0.69

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, 2020	1,787,547,732	1,966,276
Treasury shares purchased	–	8,152,100
Treasury shares transferred pursuant to restricted share plan	–	(3,879,603)
At December 31, 2020	1,787,547,732	6,238,773
Treasury shares purchased	–	6,780,700
Treasury shares transferred pursuant to restricted share plan	–	(5,503,947)
At December 31, 2021	1,787,547,732	7,515,526

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, 2021, the Company's issued and paid up capital excluding treasury shares comprised 1,780,032,206 (2020: 1,781,308,959) ordinary shares.

Treasury shares

During the year, the Company acquired 6,780,700 (2020: 8,152,100) ordinary shares in the Company by way of on-market purchases. 5,503,947 (2020: 3,879,603) treasury shares were re-issued pursuant to the Restricted Share Plan (RSP).

As at December 31, 2021, the Company held 7,515,526 (2020: 6,238,773) of its own uncancelled shares as treasury shares that may be re-issued upon the vesting of performance shares and restricted shares under the Performance Share Plan (PSP) and RSP respectively.

C3. Other Reserves

		Group		Company	
(S$ million)	Note	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Distributable					
Reserve for own shares		(15)	(11)	(15)	(11)
Non-distributable					
Foreign currency translation reserve	(a)	(401)	(475)	–	–
Capital reserve	(b)	156	160	–	–
Merger reserve	(c)	29	29	–	–
Share-based payments reserve	(d)	(5)	(10)	5	*
Fair value reserve	(e)	40	60	–	–
Hedging reserve	(f)	48	(132)	–	–
Cost of hedging reserve	(g)	–	(1)	–	–
		(148)	(380)	(10)	(11)

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C3. Other Reserves *(cont'd)*

Type of other reserve	Nature
a. Foreign currency translation reserve	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.
g. Cost of hedging reserve	Represents the change in fair value of the forward element for the forward exchange contracts ('forward points') for funding purposes, which is accounted for in cost of hedging reserve.

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.

Perpetual Securities

Perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution, subject to the terms and conditions of the securities issued. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issue and the perpetual securities are classified and presented as equity. Distributions are treated as dividends which are directly debited from equity. Incremental costs directly attributable to the issuance of perpetual securities are deducted against the proceeds from the issue.

Dividend Paid

	Group and Company	
(S$ million)	2021	2020
Interim one-tier tax-exempt dividend of 2 cents per share in respect of year 2021 (2020: nil per share in respect of year 2020)	36	–
Final one-tier tax-exempt dividend of 4 cents per share in respect of year 2020 (2020: 3 cents per share in respect of year 2019)	71	54
	107	54

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 3 cents per share (2020: one-tier tax exempt dividend of 4 cents per share). This amounts to an estimated net dividend of S$53 million (2020: S$71 million) in respect of the year ended December 31, 2021, based on the number of issued shares as at December 31, 2021.

The proposed dividend of 3 (2020: 4) cents per share has not been included as a liability in the financial statements.

Perpetual Securities Distribution

In 2020, the Company redeemed and cancelled all outstanding perpetual securities with value of S$818 million, including accrued distributions of S$17 million.

Special Distribution

On September 11, 2020, the Company demerged its Marine segment by effecting a distribution in specie of all the ordinary shares in the issued share capital of SCM (as disclosed in Note G6). The Group's carrying value and Company's cost of investment of these SCM shares at date of the Distribution, were S$2,561 million and S$2,248 million, respectively.

The Distribution was measured at fair value using the closing price of the SCM shares of S$0.182 prior to the Distribution, amounting to S$1,597 million, equivalent to approximately S$0.89 per SCI share, based on 1,786,431,697 SCI shares in issue (excluding 1,116,035 treasury shares) as at September 11, 2020.

Distribution at fair value less transaction costs of S$6 million resulted in loss on the Distribution of S$970 million recognised.

C5. Interest-bearing Borrowings

		Group	
(S$ million)	Note	December 31, 2021	December 31, 2020
Current liabilities			
Non-convertible debentures		11	11
Secured term loans	(a)	601	477
Unsecured term loans	(b)	142	105
Total		754	593
Non-current liabilities			
Non-convertible debentures		154	167
Secured term loans	(a)	2,574	3,018
Unsecured term loans	(b)	3,909	3,950
Total		6,637	7,135
Total interest-bearing borrowings (measured at amortised cost)		7,391	7,728

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C5. Interest-bearing Borrowings *(cont'd)*

Effective Interest Rates and Maturity of Liabilities

	Group Effective interest rate % 2021	Group Effective interest rate % 2020
Floating rate loans	0.96 – 10.81	0.88 – 11.35
Fixed rate loans	0.77 – 11.48	0.77 – 11.48
Bonds and notes	2.45 – 4.25	2.94 – 4.25
Debentures	9.15 – 9.65	9.65

a. Secured Term Loans

The secured term loans are collaterised by the following assets:

(S$ million)	Note	Group Net Book Value December 31, 2021	Group Net Book Value December 31, 2020
Property, plant and equipment	D1(i)	4,487	4,724
Investment properties	D2	–	18
Mutual funds	H1	83	85
Trade and other receivables	E1	1,325	1,337
Intangible assets	D3	*	*
Inventories	E2	127	112
Cash and cash equivalents	E4	259	262
Equity shares of a subsidiary		241	244

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, 2021 and December 31, 2020, 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, 2021	Principal amount December 31, 2020
S$ medium-term notes	4.25%	2010	2025	100	100
S$ medium-term notes	3.64%	2013	2024	200	200
S$ medium-term notes	2.94%	2014	2021	–	100
S$ medium-term notes	3.59%	2014	2026	150	150
S$ medium-term notes	2.45%	2021	2031	400	–
S$ medium-term notes	2.66%	2021	2032	675	–
				1,525	550

On June 9, 2021, and October 6, 2021, the Group issued S$400 million Green Bonds and S$675 million sustainability-linked notes, respectively, under the Programme. As at December 31, 2021, S$233 million Green Bonds and S$675 million sustainability-linked notes have been utilised.

As at December 31, 2021, an amount of S$419 million (2020: S$165 million) medium-term notes were held by a related corporation.

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

(S$ million)	2021 Accrued interest payable (Note E3)	2021 Interest-bearing borrowings (Note C5)	2021 Lease liabilities (Note D1.1)	2021 Total	2020 Accrued interest payable (Note E3)	2020 Interest-bearing borrowings (Note C5)	2020 Lease liabilities (Note D1.1)	2020 Total
Balance at January 1	11	7,728	226	7,965	57	10,800	504	11,361
Cash flows								
Cash payments	–	(3,752)	(15)	(3,767)	–	(4,351)	(28)	(4,379)
Cash proceeds	–	3,403	–	3,403	–	5,241	–	5,241
Interest paid	(323)	–	(7)	(330)	(503)	–	(12)	(515)
Non-cash items								
Acquisition of subsidiary	–	–	–	–	–	–	6	6
Disposal of subsidiaries / disposal group held for sale	–	–	–	–	–	*	*	*
Distribution of a subsidiary	–	–	–	–	(14)	(3,794)	(297)	(4,105)
Interest expenses, including amortisation of capitalised transaction costs	327	18	9	354	471	11	21	503
New leases	–	–	43	43	–	–	41	41
Write-off of lease liabilities	–	–	*	*	–	–	(10)	(10)
Remeasurement of lease liabilities / Adjustment to upfront fees	–	–	2	2	–	(15)	1	(14)
Foreign exchange movement	*	(6)	*	(6)	*	(164)	*	(164)
	327	12	54	393	457	(3,962)	(238)	(3,743)
Balance at December 31	15	7,391	258	7,664	11	7,728	226	7,965

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C6. Net Interest Expense

Accounting policies

Finance income is recognised in profit or loss as it accrues, using the effective interest rate 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	2021	2020
Finance income			
Finance income from financial assets measured at amortised cost			
– associates and joint ventures		6	6
– bank and others		20	29
		26	35
Finance costs			
Interest paid and payable to, measured at amortised cost			
– banks and others		374	454
Amortisation of capitalised transaction costs		12	11
Unwind of discount on restoration costs	H2	1	1
Significant financing component from contracts with customers		4	3
Interest rate swaps:			
– changes in fair value through profit or loss		18	17
– ineffective portion of changes in fair value		5	4
Interest expense on amortisation of lease liability	D1.1	9	9
		423	499

C7. Contingent Liabilities

Key estimates and judgements

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, an obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Group

The Group has provided guarantees to banks to secure banking facilities provided to joint ventures and commodities traders. These financial guarantee contracts are accounted for as insurance contracts. The principal risk to which the Group and the Company is exposed is credit risk in connection with guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate this risk, management continually monitors the risk and has established processes including performing credit evaluations of the parties.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's and Company's future cash flows.

Estimates of the Group's and Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. As of the balance sheet date, there is no provision made in respect of the obligations.

As at the balance sheet date, the Group had the following contingent liabilities:

	Group	
(S$ million)	December 31, 2021	December 31, 2020
Guarantees given to banks to secure banking facilities provided to:		
– Joint ventures	27	41
– Commodities traders	54	–
– Others	*	1
Performance guarantees to external parties	260	362

Notes to the Financial Statements

C. Our Funding *(cont'd)*

C7. Contingent Liabilities *(cont'd)*

Group *(cont'd)*

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

(S$ million)	Group December 31, 2021	Group December 31, 2020
Less than 1 year	78	33
Between 1 to 5 years	3	9
More than 5 years	–	*
	81	42

The Group's subsidiaries are involved in certain tax disputes, where the amount of potential exposure has been estimated to be approximately S$39 million (2020: S$38 million). Due to the nature of these tax disputes, the potential outcome and obligation is uncertain. No provisions have been recorded in this regard.

Company

a. The Company has provided guarantees to banks to secure banking facilities provided to a wholly owned subsidiary, SFS. These financial guarantee contracts are accounted for as insurance contracts.

The intra-group financial guarantees granted by the Company amounted to S$7,849 million (2020: S$7,950 million), with S$3,513 million (2020: S$3,525 million) drawn down as at the balance sheet date. The periods in which the financial guarantees expire are as follows:

(S$ million)	Company December 31, 2021	Company December 31, 2020
Less than 1 year	–	100
Between 1 to 5 years	1,847	3,175
More than 5 years	1,666	250
	3,513	3,525

b. The Company has provided corporate guarantees of S$110 million (2020: S$93 million) to a subsidiary, Sembcorp Cogen Pte Ltd (SembCogen) for the following:

i. Two long-term agreements entered in 2010 for the purchase of a total 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). With a start date on May 07, 2013 and September 01, 2015 respectively, the agreements have a term of 10 years and SembCogen has an option to extend the term by 2 successive periods of 5 years each subject to fulfilment of conditions set in the agreements. The obligations of SembCogen under the LNG purchase agreements are currently secured by corporate guarantees issued by the Company in favour of Shell.

C8. Commitments

A commitment is a contractual obligation to make a payment in the future, mainly in relation to leases and agreements to buy assets such as network infrastructure and IT systems. 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:

(S$ million)	Note	Group 2021	Group 2020
– Commitments in respect of acquisition of investments	(a)	1,020	–
– Commitments in respect of contracts placed for property, plant and equipment		152	215
– Uncalled commitments to subscribe for additional shares in joint ventures and other investments		52	52
– Commitments in respect of a civil settlement in China	(b)	45	45
		1,269	312

a. Commitments in respect of acquisition of investments:

i. In November 2021, the Group signed an agreement to acquire a 98% interest in a portfolio of operational wind and solar photovoltaic assets for RMB 3.3 billion (approximately S$700 million).

ii. In December 2021, the Group signed an equity transfer agreement for a 35% interest in SDIC New Energy Investment Co., Ltd for an equity consideration of approximately RMB 1.5 billion (approximately S$320 million). The acquisition was completed on January 28, 2022.

b. As part of the settlement relating to the discharge of off-specification wastewater by its 98.42% (2020: 95%) owned joint venture wastewater treatment company, Sembcorp Nanjing Suiwu Company Limited, the Group is committed to investments of S$45 million over four years (by December 2023) to develop projects and initiatives to support environmental protection in China. As at December 31, 2021, the Group has commenced on these investments and completed certain projects including upgrading of wastewater treatment plants in China, where the actual investment spend of completed projects is subject to audit and confirmation by the Nanjing Procuratorate and court.

Notes to the Financial Statements

D. Our Assets

In 2021, 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. Cost 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 and wet berthage	Lease period of 3 to 60 years
Buildings	3 to 50 years
Improvements to premises	3 to 30 years
Quays and dry docks	6 to 60 years
Infrastructure	8 to 60 years
Plant and machinery	3 to 30 years
Marine vessels	7 to 31 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.

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.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

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

(S$ million)	Note	Leasehold and freehold land, wet berthage 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, 2021		388	75	12	56	9,420	63	65	158	312	10,549
Translation adjustments		4	4	–	(1)	(26)	*	*	*	2	(17)
Additions		2	2	*	–	139	7	23	136	49	358
Reclassification		5	6	–	*	113	1	7	(132)	*	–
Acquisition of subsidiaries	(iii)	–	–	–	–	1	–	–	–	–	1
Transfer from investment properties	D2	4	–	–	–	–	*	–	–	–	4
Transfer to intangible assets		–	–	–	–	–	–	–	(1)	–	(1)
Transfer to other financial assets		–	–	–	–	–	*	–	–	–	*
Remeasurement adjustments for right-of-use assets		–	–	–	–	–	–	–	–	3	3
Disposals / Write-offs		(2)	(2)	*	–	(63)	(1)	(7)	(2)	(7)	(84)
Balance at December 31, 2021		401	85	12	55	9,584	70	88	159	359	10,813
Accumulated Depreciation and Impairment Losses											
Balance at January 1, 2021		100	21	9	24	3,022	46	35	6	82	3,345
Translation adjustments		1	1	–	*	4	*	*	*	*	6
Depreciation for the year	B4(a)	9	3	*	4	381	6	10	–	19	432
Reclassification		(1)	*	–	–	1	*	–	–	–	–
Transfer from investment properties	D2	3	–	–	–	–	–	–	–	–	3
Disposals / Write-offs		(1)	(1)	*	–	(55)	(1)	(6)	–	(6)	(70)
Impairment losses	B4(a)	*	*	–	–	1	*	2	–	*	3
Balance at December 31, 2021		111	24	9	28	3,354	51	41	6	95	3,719
Carrying Amounts											
At January 1, 2021		288	54	3	32	6,398	17	30	152	230	7,204
At December 31, 2021		290	61	3	27	6,230	19	47	153	264	7,094

Notes to the Financial Statements

D. Our Assets *(cont'd)*

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

(S$ million)	Note	Leasehold and freehold land, wet berthage and buildings	Improvements to premises	Quays and dry docks	Infrastructure	Plant and machinery	Marine vessels	Tools and workshop equipment	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, 2020		1,921	100	1,572	94	10,856	327	74	205	83	1,315	625	17,172
Translation adjustments		4	2	6	(6)	(280)	3	*	(1)	*	1	(1)	(272)
Additions		2	4	–	2	73	–	*	9	6	206	42	344
Reclassification		*	3	6	7	494	(21)	1	1	2	(505)	12	–
Acquisition of subsidiaries		1	*	–	–	2	–	–	*	4	4	15	26
Transfer to investment properties	D2	–	*	–	–	–	–	–	*	–	(1)	–	(1)
Transfer from other category of assets	(v)	–	–	–	–	16	–	–	–	*	*	–	16
Remeasurement adjustments for right-of-use assets		–	–	–	–	–	–	–	–	–	–	1	1
Reversal of accrued capital expenditure	(vii)	–	–	–	–	–	–	–	–	–	(69)	–	(69)
Disposals / Write-offs		(1)	*	–	–	(23)	(1)	*	(2)	(2)	(7)	(30)	(66)
Disposal of subsidiaries		*	–	–	–	*	–	–	*	*	–	–	*
Distribution of a subsidiary		(1,539)	(34)	(1,572)	(41)	(1,718)	(308)	(75)	(149)	(28)	(786)	(352)	(6,602)
Balance at December 31, 2020		388	75	12	56	9,420	–	–	63	65	158	312	10,549
Accumulated Depreciation and Impairment Losses													
Balance at January 1, 2020		590	54	385	30	3,374	86	65	167	51	6	161	4,969
Translation adjustments		2	(1)	*	(1)	(38)	*	(2)	*	(1)	*	(1)	(42)
Depreciation for the year													
– Continuing operations	B4(a)	9	2	*	4	370	–	–	6	7	–	15	413
– Discontinued operation		23	*	19	3	39	7	3	6	1	–	15	116
Reclassification		–	–	–	–	*	*	–	–	–	–	–	–
Transfer to investment properties	D2	–	*	–	–	–	–	–	*	–	–	–	*
Disposals / Write-offs		*	*	–	–	(16)	(1)	*	(2)	(1)	*	(20)	(40)
Disposal of subsidiaries		*	–	–	–	*	–	–	*	*	–	–	*
Impairment losses	(vi), B4(a)	1	*	–	–	63	–	–	*	–	–	–	64
Distribution of a subsidiary		(525)	(34)	(395)	(12)	(770)	(92)	(66)	(131)	(22)	–	(88)	(2,135)
Balance at December 31, 2020		100	21	9	24	3,022	–	–	46	35	6	82	3,345
Carrying Amounts													
At January 1, 2020		1,331	46	1,187	64	7,482	241	9	38	32	1,309	464	12,203
At December 31, 2020		288	54	3	32	6,398	–	–	17	30	152	230	7,204

Notes to the Financial Statements

D. Our Assets *(cont'd)*

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

Group

i. Property, plant and equipment with the following net book values have been pledged to secure loan facilities granted to subsidiaries:

(S$ million)	Note	Group December 31, 2021	Group December 31, 2020
Freehold land and buildings		160	160
Leasehold land and buildings including right-of-use assets		44	43
Plant and machinery		4,241	4,465
Capital work-in-progress		8	19
Other assets		34	37
	C5(a)	4,487	4,724

ii. During the year, interest and direct staff costs amounting to S$2 million (2020: S$23 million) and S$2 million (2020: S$3 million), respectively were capitalised as capital work-in-progress. Included in these amounts are capitalised interest costs calculated using a capitalisation rate from 4.04% to 4.99% (2020: 4.28% to 6.50%).

iii. Property, plant and equipment arising from the acquisition of subsidiaries was at fair value at the acquisition date.

iv. In 2021, property, plant and equipment included additional provision for restoration costs amounting to S$16 million (2020: S$5 million) (Note H2).

v. In 2020, additions to plant and machinery include a S$16 million settlement with a vendor in the form of strategic spares.

vi. In 2020, following the decision of a major customer to exit its Singapore operations, an impairment of S$21 million was recognised to reduce the carrying value of a wastewater treatment plant and a woodchip boiler facility to its net realisable value. An impairment of S$8 million was also made to a wastewater treatment plant in China due to the contract termination with a customer who has stopped production. There were also impairment triggers for UK Power Reserve (UKPR) which resulted in S$34 million charged (Note B4(i)). These impairment charges were recognised in cost of sales.

vii. The amount represents a reduction in capital work-in-progress due to reversal of accrued expenditure on completion of projects.

viii. A subsidiary in India has entered into an agreement to convert an existing leasehold land upon which its property, plant and equipment reside, to freehold land. The subsidiary has fully paid for the conversion of the leasehold land based on the freehold rate. As at December 31, 2021, the land has not been transferred to the subsidiary. Pursuant to the current lease agreement, it is provided that in the event that the land is not transferred, the lessor is obliged to renew the lease for a further period on mutually agreed terms and conditions. No impairment or provision for restoration cost has been recorded as at December 31, 2021. As the alienation of this leasehold land is in progress and the subsidiary management has assessed that delay in the above transfer was of administrative in nature and the transfer will happen in due course of time. During 2021, this leasehold land is reported together with other rented land under right-of-use assets.

Change in estimates

In 2021, the Group revised its estimates for the useful lives of certain assets within plant and machinery from 25 to 30 years in line with the term of the Engineering, Procurement and Construction (EPC) contracts, taking into consideration that the assets have been operating within design limits and are in good condition due to regular maintenance, as observed by an external consultant during a technical study conducted. The effect of these changes on depreciation expense in current and future periods on assets currently held is as follows:

(S$ million)	2021	2022	2023	2024	2025	Later
Group						
(Decrease) / Increase in depreciation expense and increase / (decrease) in profit before tax	(6)	(25)	(25)	(25)	(25)	106

Notes to the Financial Statements

D. Our Assets *(cont'd)*

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

(S$ million)	Leasehold and freehold land, wet berthage 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, 2021	20	7	8	730	20	3	7	142	937
Additions	*	*	*	23	2	*	9	3	37
Remeasurement adjustments for right-of-use assets	–	–	–	–	–	–	–	*	*
Reclassification	–	–	–	1	–	–	(1)	–	–
Disposals / Write-offs	*	*	*	(19)	*	*	–	*	(19)
Balance at December 31, 2021	20	7	8	735	22	3	15	145	955
Accumulated Depreciation and Impairment Losses									
Balance at January 1, 2021	13	7	4	466	17	1	–	46	554
Depreciation for the year	1	*	*	44	2	*	–	5	52
Disposals / Write-offs	*	*	*	(17)	*	*	–	*	(17)
Impairment losses	*	*	–	*	*	1	–	*	1
Balance at December 31, 2021	14	7	4	493	19	2	–	51	590
Carrying Amounts									
At January 1, 2021	7	–	4	264	3	2	7	96	383
At December 31, 2021	6	–	4	242	3	1	15	94	365
Company									
Cost									
Balance at January 1, 2020	20	7	8	723	19	3	1	144	925
Additions	*	*	–	10	1	*	6	*	17
Reclassification	–	–	–	*	–	–	*	–	–
Transfer from / (to) other category of assets	–	–	–	–	–	–	*	–	*
Disposals / Write-offs	–	*	–	(3)	*	–	–	(2)	(5)
Balance at December 31, 2020	20	7	8	730	20	3	7	142	937
Accumulated Depreciation and Impairment Losses									
Balance at January 1, 2020	12	7	4	432	16	1	–	44	516
Depreciation for the year	1	*	*	32	1	*	–	4	38
Disposals / Write-offs	–	*	–	(3)	*	–	–	(2)	(5)
Impairment losses	–	–	–	5	–	–	–	–	5
Balance at December 31, 2020	13	7	4	466	17	1	–	46	554
Carrying Amounts									
At January 1, 2020	8	–	4	291	3	2	1	100	409
At December 31, 2020	7	–	4	264	3	2	7	96	383

Notes to the Financial Statements

D. Our Assets *(cont'd)*

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.

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.

Adoption of the amendment to SFRS(I) 16 COVID-19-related rent concession:
Rent concessions linked to COVID-19 pandemic are not assessed and accounted for as lease modifications but are taken to 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

(S$ million)	Group December 31, 2021	Group December 31, 2020
Right-of-use assets		
Leasehold land and buildings	247	226
Plant and machinery	6	*
Motor vehicles	11	3
Furniture, fittings and office equipment	*	1
Total	264	230
Lease liabilities		
Current	14	11
Non-current	244	215
Total	258	226
Maturity analysis		
Within 1 year	14	11
After 1 year but within 5 years	56	36
After 5 years	188	179
Total	258	226

In 2021, cost of S$nil (2020: S$15 million) was transferred from property, plant and equipment and remaining additions to the right-of-use assets were S$49 million (2020: S$42 million).

(S$ million)	Company December 31, 2021	Company December 31, 2020
Right-of-use assets		
Leasehold land and buildings	67	66
Plant and machinery	27	30
Total	94	96
Lease liabilities		
Current	5	4
Non-current	110	112
Total	115	116
Maturity analysis		
Within 1 year	5	4
After 1 year but within 5 years	18	17
After 5 years	92	95
Total	115	116

Notes to the Financial Statements

D. Our Assets *(cont'd)*

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

b. Amounts recognised in profit or loss

(S$ million)	Group 2021	Group 2020
Depreciation charge of right-of-use assets:		
– Leasehold land and buildings	16	12
– Plant and machinery	1	1
– Motor vehicles	2	1
– Furniture, fittings and office equipment	*	1
Total	19	15
Interest expense on lease liabilities (included in finance cost)	9	9
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	*	3
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)	6	4
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 2021 of S$22 million (2020: S$40 million) has been reduced by less than S$1 million (2020: S$1 million) of rent concessions linked to COVID-19 received from lessors and taken to profit or loss.

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.

(S$ million)	Note	Group Investment properties	Group Investment properties work-in-progress	Group Total
Cost				
Balance at January 1, 2021		158	3	161
Translation adjustments		6	*	6
Additions		*	2	2
Reclassification		*	*	–
Transfer to property, plant and equipment	D1	(4)	–	(4)
Transfer to inventories		(1)	–	(1)
Disposals / Write-offs		*	–	*
Balance at December 31, 2021		159	5	164
Accumulated Depreciation				
Balance at January 1, 2021		26	–	26
Translation adjustments		*	–	*
Depreciation for the year	B4(a)	3	–	3
Transfer to property, plant and equipment	D1	(3)	–	(3)
Disposals / Write-offs		*	–	*
Balance at December 31, 2021		26	–	26
Carrying Amounts				
At January 1, 2021		132	3	135
At December 31, 2021		133	5	138

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D2. Investment Properties *(cont'd)*

(S$ million)	Note	Group Investment properties	Investment properties work-in-progress	Total
Cost				
Balance at January 1, 2020		146	3	149
Translation adjustments		4	*	4
Additions		1	6	7
Reclassification		6	(6)	–
Transfer from property, plant and equipment	D1	1	–	1
Transfer to inventories		*	–	*
Disposals / Write-offs		*	–	*
Balance at December 31, 2020		158	3	161
Accumulated Depreciation				
Balance at January 1, 2020		21	–	21
Translation adjustments		1	–	1
Depreciation for the year	B4(a)	4	–	4
Transfer from property, plant and equipment	D1	*	–	*
Disposals / Write-offs		*	–	*
Balance at December 31, 2020		26	–	26
Carrying Amounts				
At January 1, 2020		125	3	128
At December 31, 2020		132	3	135

Amounts recognised in profit or loss for investment properties

(S$ million)	Group 2021	2020
Rental income	10	7
Operating expenses arising from rental of investment properties	7	5

The fair value of the investment properties as at the balance sheet date is S$186 million (2020: S$191 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.

Investment properties of S$nil (2020: S$18 million) have been pledged to secure loan facilities.

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 2021	2020
Lease receivable:		
Within 1 year	10	6
1 to 2 years	9	6
2 to 3 years	6	5
3 to 4 years	3	5
4 to 5 years	2	3
More than 5 years	7	14
	37	39

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.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

Accounting policies *(cont'd)*

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. Other Intangible Assets

Included in other intangible assets are water rights which are perpetual in nature. Water rights are measured at cost less accumulated impairment.

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 a high degree of 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 and forecasted tariff rates. These are inherently subject to estimation uncertainties as well as political and regulatory developments.

		Group				
(S$ million)	Note	Goodwill	Service concession arrangements	Long-term contracts	Others	Total
Cost						
Balance at January 1, 2021		277	54	236	74	641
Translation adjustments		1	4	*	*	5
Additions	(i)	–	1	–	84	85
Acquisition of subsidiary		*	–	–	–	*
Disposal	(i)	–	*	–	(22)	(22)
Transfer from other category of asset		–	–	–	1	1
Write-off	B4(a)	–	(1)	(1)	–	(2)
Balance at December 31, 2021		278	58	235	137	708
Accumulated Amortisation and Impairment Losses						
Balance at January 1, 2021		118	21	122	32	293
Translation adjustments		1	4	*	*	5
Amortisation charge for the year	B4(a)	–	3	11	8	22
Disposal		–	*	–	–	*
Impairment losses	B4(a), B4(c), (ii)	–	–	–	*	*
Write-off	B4(a)	–	*	(1)	(1)	(2)
Balance at December 31, 2021		119	28	132	39	318
Carrying Amounts						
At January 1, 2021		159	33	114	42	348
At December 31, 2021		159	30	103	98	390

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	Intellectual property rights	Design under development	Others	Total
Cost								
Balance at January 1, 2020		299	63	232	299	50	42	985
Translation adjustments		(4)	3	(6)	–	–	*	(7)
Additions		–	1	–	–	–	58	59
Acquisition of subsidiaries		–	–	10	–	–	*	10
Disposal of subsidiary		–	(12)	–	–	–	–	(12)
Disposal		–	*	–	–	–	(23)	(23)
Transfer from other category of asset		–	*	–	–	–	*	*
Write-off	B4(a)	–	(1)	–	–	–	*	(1)
Distribution of a subsidiary		(18)	–	–	(299)	(50)	(3)	(370)
Balance at December 31, 2020		277	54	236	–	–	74	641
Accumulated Amortisation and Impairment Losses								
Balance at January 1, 2020		90	23	100	114	–	28	355
Translation adjustments		1	1	(1)	*	–	*	1
Amortisation charge for the year								
– Continuing operations	B4(a)	–	4	17	–	–	6	27
– Discontinued operation		–	–	–	19	–	–	19
Disposal of subsidiary		–	(6)	–	–	–	–	(6)
Disposal		–	*	–	–	–	–	*
Impairment losses	B4(a), B4(c), (ii)	27	–	6	–	–	–	33
Distribution of a subsidiary		–	–	–	(133)	–	(2)	(135)
Write-off	B4(a)	–	(1)	–	–	–	*	(1)
Balance at December 31, 2020		118	21	122	–	–	32	293
Carrying Amounts								
At January 1, 2020		209	40	132	185	50	14	630
At December 31, 2020		159	33	114	–	–	42	348

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. In 2021, the Group recognised impairment loss on goodwill of S$nil (2020: S$27 million) in non-operating expenses and long-term contracts of S$nil (2020: S$6 million) in cost of sales.

iii. Intangible assets of less than S$1 million (2020: less than S$1 million) have been pledged to secure loan facilities.

iv. The amortisation of intangible assets is analysed as follows:

(S$ million)	Group 2021	2020
Cost of sales	15	21
Administrative expenses	7	6
Total	22	27

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)	Group December 31, 2021	December 31, 2020
Cash-generating Unit (CGU)		
SUT Division	19	19
Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd[1]	43	42
SEIL (Project I) (formerly known as Sembcorp Energy India Ltd)	23	23
SEIL (Project II) (formerly known as Sembcorp Gayatri Power Limited)	38	39
Sembcorp Green Infra Limited and its subsidiaries	36	36
Multiple units with insignificant goodwill	*	*
	159	159

[1] As Sembcorp Gas Pte Ltd became wholly owned in November 2019, there is a change in CGU for Sembcorp Gas Pte Ltd to include Sembcorp Fuels (Singapore) Pte Ltd, whose principal activity is also arranging for purchase and sale of natural gas. These two entities are considered a single CGU as both have same customer bases for natural gas, pricing is set by the same management team and cash inflows are not generated largely independently.

The recoverable amounts for SUT Division, Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd, SEIL (Project I), SEIL (Project II), Sembcorp Green Infra Limited and its subsidiaries and UKPR were determined using value-in-use calculations. Cash flow projections used in the value-in-use calculations were prepared based on management's past 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 3.9% and 10.4% (2020: 4.5% and 10.3%) 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.

Notes to the Financial Statements

D. Our Assets *(cont'd)*

D3. Intangible Assets *(cont'd)*

a. Goodwill *(cont'd)*

Impairment Testing *(cont'd)*

Key assumptions on recoverable amounts of respective CGUs

	SUT Division	Sembcorp Gas Pte Ltd / Sembcorp Fuels (Singapore) Pte Ltd	SEIL (Project I)	SEIL (Project II)	Sembcorp Green Infra Limited and its subsidiaries
Cash flow projections period	Remaining useful life of plants assumed 19 years (2020: 20 years)	Remaining contractual period of existing contracts	Remaining useful life of plants assumed 24 years (2020: 20 years)	Remaining useful life of plants assumed 25 years (2020: 21 years)	Remaining useful life of plants assumed 29 years (2020: 30 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 combination of long-term and short-term contracts secured at contracted tariffs as well as electricity spot prices. Contract renewals are assumed based on estimated demand and supply as well as margin	Primarily based on the forecasted combination of long-term and short-term contracts and electricity spot prices with reference to estimated demand and supply of electricity as well as margin Probabilities of securing the contracts based on the latest estimates have been assigned to each contract and using these probabilities to discount the corresponding cash flow projections from the 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
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	In accordance with plant maintenance programme
Terminal value	Nil (2020: Nil)	Nil (2020: Nil)	5% of cost (2020: Nil)	5% of cost (2020: Nil)	Nil (2020: Nil)
Inflation rate assumptions used to project overheads and other general expenses	0.9% – 1.5% (2020: 0.9%)	0.9% – 1.5% (2020: 0.9%)	3% (2020: 3.5%)	3% (2020: 3.5%)	3.5% (2020: 3.5%)
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	Cash flows are estimated based on the premise that the conversion of the leasehold land, which the subsidiary has already paid in full, will be converted to freehold (Note D1(viii)).	NA	NA

Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts to exceed the recoverable amounts.

b. Service Concession Arrangements

In 2021, the subsidiaries in Fuzhou and Yanjiao in China have service concession agreements with the local municipalities to supply drinking water to the local communities. In 2020, the subsidiaries in Chile and Panama, which have service concession agreements have been divested.

Under these arrangements, the charges for use of these assets are adjusted regularly in accordance to the agreed cost reference and escalation formula in the concession agreement and approved by the 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 India have long-term power purchase agreements (PPAs) with the local Electricity Board and commercial customers.

The significant terms of the above PPAs are as follows:

- A subsidiary in India has a long-term contract to provide 500 megawatts of power to the Andhra Pradesh Power distribution companies for a period of 25 years.
- The subsidiaries in the renewables sector in India have long-term contracts with India's State Electricity Boards in Gujarat, Karnataka, Maharashtra, Rajasthan and Tamil Nadu, with tenures ranging from 10 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 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).

In 2020, the Group has recognised an impairment of S$6 million. See Note B4(i) for key assumptions used.

d. Other Intangible Assets

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

(S$ million)	Company		
	Goodwill	Others	Total
Cost			
Balance at January 1, 2021	19	26	45
Additions	–	2	2
Disposals / Write-offs	–	(1)	(1)
Balance at December 31, 2021	19	27	46
Accumulated Amortisation			
Balance at January 1, 2021	–	19	19
Amortisation charge for the year	–	2	2
Disposals / Write-offs	–	*	*
Balance at December 31, 2021	–	21	21
Carrying Amounts			
At January 1, 2021	19	7	26
At December 31, 2021	19	6	25

(S$ million)	Company		
	Goodwill	Others	Total
Cost			
Balance at January 1, 2020	19	23	42
Additions	–	3	3
Disposals	–	*	*
Transfer from / (to) other category of assets	–	*	*
Balance at December 31, 2020	19	26	45
Accumulated Amortisation			
Balance at January 1, 2020	–	16	16
Amortisation charge for the year	–	3	3
Disposals	–	*	*
Balance at December 31, 2020	–	19	19
Carrying Amounts			
At January 1, 2020	19	7	26
At December 31, 2020	19	7	26

The Company's goodwill relates to goodwill of SUT 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 term 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 the 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, 2021			December 31, 2020		
(S$ million)	Note	Non-current	Current	Total	Non-current	Current	Total
Group							
Trade receivables		*	1,000	1,000	*	871	871
Service concession receivables	(i)	912	44	956	934	40	974
Amounts due from related parties	G5	1	44	45	1	59	60
Staff loans		–	*	*	–	*	*
Deposits	(ii)	6	106	112	5	28	33
Sundry receivables	(iii)	–	108	108	–	81	81
Unbilled receivables	(iv)	–	542	542	–	395	395
Loan receivables		–	12	12	–	9	9
Recoverables		*	22	22	*	8	8
Interest receivables		–	3	3	–	6	6
Grant receivables		–	4	4	–	8	8
		919	1,885	2,804	940	1,505	2,445
Loss allowance	F4	(12)	(65)	(77)	(12)	(45)	(57)
Financial assets at amortised cost	F4, (v)	907	1,820	2,727	928	1,460	2,388
Prepayments	(vi)	38	52	90	46	45	91
Employee defined benefit asset		22	2	24	*	2	2
Advances to suppliers		–	104	104	–	61	61
Tax recoverable		15	4	19	21	3	24
Share application money paid	(vii)	–	4	4	–	–	–
		982	1,986	2,968	995	1,571	2,566

i. Through its subsidiaries, the Group has service concession agreements with the local governments and governing agencies. The agreements in Singapore are for supply of treated water while the agreements in Myanmar and Bangladesh are for supply of electricity. The power plants in Myanmar and Bangladesh have commenced commercial operations in phases from October 2018 and in 2019.

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% (2020: 3.6% to 8.5%).

ii. Deposits include cash collateral placed on deposits in margin accounts.

iii. Sundry receivables represent mainly GST receivables and miscellaneous receivables.

iv. Unbilled receivables represent revenue accrued for sale of utilities commodities and services.

v. Trade and other receivables of S$1,325 million (2020: S$1,337 million) have been pledged to secure loan facilities. Included in the pledged amount is S$397 million (2020: S$404 million) that relates to the underlying assets of the service concession arrangements.

vi. Prepayments are charged to profit or loss on a straight-line basis over the prepaid 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$20 million (2020: S$22 million);
- Service fees prepaid under the Gasoil Supply and Storage Agreement for the usage of the tank; and
- Capacity charges prepaid for the use of gas delivery pipelines, prepaid insurance premium, transport tariff recoverable and maintenance of plant.

vii. The Group has paid S$4 million towards share application money pending allotment to a joint venture.

		December 31, 2021			December 31, 2020		
(S$ million)	Note	Non-current	Current	Total	Non-current	Current	Total
Company							
Trade receivables		–	20	20	–	15	15
Amounts due from related parties	G5	–	35	35	–	15	15
Deposits		–	2	2	–	2	2
Unbilled receivables	(i)	–	49	49	–	48	48
Grant Receivables		–	4	4	–	4	4
		–	110	110	–	84	84
Loss allowance	F4	–	(1)	(1)	–	*	*
Financial assets at amortised cost	F4	–	109	109	–	84	84
Prepayments	(ii)	3	5	8	3	6	9
Advance to suppliers		–	1	1	–	1	1
		3	115	118	3	91	94

i. Included in the Company's unbilled receivables are amounts of S$25 million (2020: S$28 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 and spares 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.

b. Development Properties

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, 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, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Raw materials and consumables	221	192	2	*
Finished goods	27	29	7	7
	248	221	9	7
Allowance for inventory obsolescence	(27)	(25)	(2)	(3)
	221	196	7	4
Properties under development	1	*	–	–
	222	196	7	4

S$127 million (2020: S$112 million) of the Group's inventories have been pledged to secure loan facilities.

Amounts recognised in profit or loss

		Group	
(S$ million)	Note	2021	2020
– Inventories recognised as an expense in cost of sales		931	826
– Inventories written down and allowance for stock obsolescence	(i)	2	45
– Inventories written off	(ii)	–	53

i. In 2020, due to the significant decline in fuel prices, the value of Sembcorp's inventory of gasoil for fulfilling certain regulatory, was written down by S$45 million to its net realisation value.

ii. In 2020, a subsidiary in Singapore has commenced legal proceedings to assert its ownership of the gasoil stored and managed by third party, the net carrying value of S$53 million was fully written-off after taking into account the financial positions of the third party reported by the interim judicial manager.

E3. Trade and Other Payables

Trade and other payables mainly consist of amounts the Group owes to its suppliers that have been invoiced or are accrued. They also include taxes and social security amounts due in relation to the Group's role as an employer.

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, 2021	December 31, 2020	December 31, 2021	December31, 2020
Current liabilities					
Trade payables		268	325	7	4
Advance payments from customers		23	31	*	*
Amounts due to related parties	G5	4	10	2	4
Accrued capital and operating expenditure	(i)	924	583	141	84
Deposits		33	35	*	*
Accrued interest payable		15	11	–	–
Other creditors	(ii)	441	160	5	5
Deferred grants	(iii)	–	4	–	2
		1,708	1,159	155	99
Non-current liabilities					
Deferred grants	(iii)	3	4	*	*
Amounts due to related parties	G5	–	–	1,445	1,595
Other long-term payables	(iv)	51	52	20	18
Deferred income		42	46	–	–
Retirement benefit obligation		9	6	–	–
		105	108	1,465	1,613

Notes to the Financial Statements

E. Our Working Capital *(cont'd)*

E3. Trade and Other Payables *(cont'd)*

i. Included in the Company's accrued operating expenses are amounts of S$43 million (2020: S$37 million) due to related companies.

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. Current deferred grant related to JSS government grant and 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.

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 interest-bearing 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, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Fixed deposits with banks	549	301	–	–
Cash and bank balances	795	731	427	358
Cash and cash equivalents in the balance sheets	1,344	1,032	427	358
Restricted bank balances	(47)	(23)	–	–
Cash and cash equivalents in the consolidated statement of cash flows	1,297	1,009	427	358
Cash and cash equivalents inclusive of placement with:				
– A subsidiary	4	–	426	357
– A related corporation	74	117	1	1

Fixed deposits with banks of the Group earn interest at rates ranging from 0.12% to 8.00% (2020: 0.03% to 9.00%) per annum.

Included in the Group's cash and cash equivalents is an amount of S$259 million (2020: S$262 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 assessed its risk exposures, including ensuring that the Group is not over leveraged while optimising its portfolio.

F1. Market Risk

This note details the Group's exposure to treasury and financial risks including credit, liquidity, interest and foreign exchange risk, and the objectives and policies in place to monitor and manage these risks.

In the last couple of years, the Group has embarked on transitioning its Governance Assurance Framework (GAF) to Integrated Assurance Framework (IAF) to place greater emphasis on a multi-level line 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 to assess the risks and the adequacy and effectiveness of the 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 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.

Notes to the Financial Statements

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 the floating interest rates.

Based on the variable rate net debt position (both issued and hedged) at the 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 rates of 1% would have decreased the Group's profit before tax (PBT) by S$29 million (2020: decreased by S$44 million) and increased equity by S$6 million (2020: increased by S$8 million). At Company level, PBT would have decreased by S$9 million (2020: decreased by S$11 million) and no impact to equity (2020: 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 investments hedge in its subsidiaries in the UK) based on its risk management policy is summarised as follows:

	Group						
(S$ million)	SGD	USD	EURO	GBP	RMB	INR	Others
2021							
Financial assets							
Cash and cash equivalents	27	224	3	*	*	–	17
Loan to an associate	–	–	–	70	–	–	–
Trade and other receivables	23	404	*	1	158	*	22
Other financial assets	–	53	–	–	–	–	–
	50	681	3	71	158	*	39
Financial liabilities							
Trade and other payables	41	299	3	130	29	*	11
Interest-bearing borrowings	–	964	–	–	–	–	95
Lease liabilities	4	–	–	–	–	–	*
	45	1,263	3	130	29	*	106
Net financial assets / (liabilities)	5	(582)	–	(59)	129	*	(67)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(159)	(4)	–	(76)	–	–
Less: Cross currency swap / Foreign exchange forward contracts	24	1,043	4	129	(35)	–	95
Net currency exposure	29	302	–	70	18	*	28
2020							
Financial assets							
Cash and cash equivalents	24	184	9	11	1	–	13
Loan to an associate	–	–	–	71	–	–	–
Trade and other receivables	15	382	*	146	118	856	17
Other financial assets	–	71	–	–	–	–	–
	39	637	9	228	119	856	30
Financial liabilities							
Trade and other payables	28	320	8	226	–	–	24
Interest-bearing borrowings	–	359	–	–	–	–	105
Lease liabilities	4	–	–	–	–	–	*
	32	679	8	226	–	–	129
Net financial assets / (liabilities)	7	(42)	1	2	119	856	(99)
Add: Firm commitments and highly probable forecast transactions in foreign currencies	–	(195)	(4)	–	–	–	–
Less: Cross currency swap / Foreign exchange forward contracts	17	501	4	–	(63)	(869)	105
Net currency exposure	24	264	1	2	56	(13)	6

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
2021	
Financial assets	
Cash and cash equivalents	3
Trade and other receivables	15
	18
Financial liabilities	
Trade and other payables	24
Net financial liabilities	(6)
Net currency exposure	(6)
2020	
Financial assets	
Cash and cash equivalents	21
Trade and other receivables	13
	34
Financial liabilities	
Trade and other payables	17
Net financial assets	17
Net currency exposure	17

Sensitivity Analysis

A 10% strengthening of the following currencies against the functional currencies of the Group and Company at the 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, ignored 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)	2021	2020	2021	2020	2021	2020
SGD	2	1	*	1	–	–
USD	15	20	27	22	(1)	2
EURO	–	*	*	*	–	–
GBP	6	6	7	(4)	–	–
RMB	–	–	9	6	–	–
INR	–	–	*	(1)	–	–
Others	–	–	3	6	–	–

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 mutual funds and equity securities price risk because of the investments held by the Group which are classified on the consolidated balance sheet either 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$11 million, respectively (2020: increased by S$7 million and S$12 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.

Contracts for differences are entered into with counterparties at a strike price, with or without fixing the quantity upfront, to hedge against adverse price movements on the sale of electricity. Exposure to price fluctuations arising on the purchase of fuel is managed via fuel oil swaps where the price of fuel is indexed to a benchmark fuel price index, for example Singapore High Sulphur Fuel Oil 180 CST fuel oil and Dated Brent.

The Group designates the 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 and the notional or par amounts. 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 hedge relationships.

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)	2021	2020
Equity	19	15

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.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges

The Group uses derivative instruments (derivatives) (as disclosed in Note H1) for managing its 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)

Accounting policies

Derivatives are carried on the balance sheet at fair value. Movements in the price of the underlying variables, which cause the value of the contract to fluctuate, are reflected in the fair value of the 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.

Fair value gains and losses attributable to economic hedges are recognised in the statement of profit or loss while recognition of fair value gains and losses of those attributable to accounting hedges depends on the nature of the 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 the fair value of the underlying item relating to the hedged risks are recognised in profit or loss. The effective portion of changes in the fair value of derivatives designated as cash flow hedges are recognised in the 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 the 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 the 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 the 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 and the notional or par amounts. 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:

- the effect of the counterparties' and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- changes in the timing of hedged transactions.

The Group designates only the change in fair value of the spot element of forward exchange contracts for funding purposes as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element for 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

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some IBORs with alternative nearly risk-free rates (interest rate benchmark reform).

The Audit Committee monitors and manages the Group's transition to alternative rates. The committee evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties. The committee reports to the Company's Board of Directors quarterly and collaborates with other business functions as needed. It provides periodic reports to management of interest rate risk and risks arising from interest rate benchmark reform.

The Group has loans and derivatives (as hedges to the loans) in SOR and LIBOR which extend beyond the anticipated cessation date of the rates on June 30, 2023. The Group has started to engage some of the counterparties to start transitioning its loans and hedges. It has completed transitioning its GBP loan and hedges from LIBOR to SONIA by end of December 31, 2021. The Group will transition its USD and SGD loans and hedges in 2022 and 2023. As at December 31, 2021, the Group does not expect to be significantly impacted as a result of the transition to alternate reference rates. The Group continues to apply the amendments to SFRS(I) 9 issued in December 2020 (Phase 1) to those hedging relationships directly affected by interest rate benchmark reform.

The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an "unreformed contract").

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Interest Rate Benchmark Reform *(cont'd)*

The following table shows the total amounts of unreformed contacts as at December 31, 2021 for the Group. There is no unreformed contract for the Company. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

(S$ million)	Total amount of unreformed contracts SOR	USD LIBOR	GBP LIBOR
Group			
December 31, 2021			
Financial liabilities			
Secured term loans	–	130	–
Unsecured term loans	2,390	210	544
Derivatives			
Interest rate swaps	260	306	544

The Group's exposure to the interest rate benchmark reform as at December 31, 2021 is attributable to the interest rate swaps and cross currency swaps to hedge SOR and LIBOR (2020: SOR and LIBOR) cash flows on the Group's bank loans maturing from 2023 to 2036 (2020: 2021 to 2036). The Group's exposure to SOR and USD LIBOR (2020: SOR and LIBOR) designated in a hedging relationship that is directly affected by the interest rate benchmark reform approximates nominal amount of S$1,109 million (2020: S$1,377 million) at December 31, 2021. Out of the S$3,274 million of unreformed contracts, the Group has completed the transition agreement of S$644 million of the bank loans, and the alternate reference rates will be effective after December 31, 2021.

Cash Flow Hedges

Key estimates and judgements

For cash flow hedging relationships directly impacted by interest rate benchmark reform (i.e. hedges of LIBOR and SOR), the Group assumes that the cash flows of the hedged item and hedging instrument will not be altered. As of December 31, 2021, the Group has transitioned a GBP LIBOR hedged loan and a SOR hedged loan with the hedged rate effectively unaltered.

LIBOR and SOR continue to be used as reference rates in financial markets and are used in the valuation of instruments with maturities that exceed the expected end date for LIBOR and SOR. Therefore, the Group believes the current market structure supports the continuation of hedge accounting as at December 31, 2021.

The Group designates certain forward foreign exchange contracts, interest rate swaps, cross currency interest rate swaps and fuel oil swaps in cash flow hedge relationships.

At December 31, 2021, the Group held the following instruments to hedge exposures to changes in foreign currency, interest rates and commodity prices:

(S$ million)	Rate ($)	Interest rate (%)	Maturity Within 1 year	Between 1 and 5 years	More than 5 years
2021					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
– SGD / USD	0.73 – 0.76	–	30	–	–
– USD / SGD	1.32 – 1.47	–	209	21	–
– EUR / SGD	1.59	–	3	–	–
– USD / INR	75.04 – 78.26	–	609	–	–
– CNH / SGD	0.21	–	2	–	–
Cash					
– USD / SGD	1.35 – 1.36	–	56	–	–
– CNH / SGD	0.21	–	29	–	–
Interest rate risk					
Interest rate swap (IRS)					
– Float-to-fixed	–	0.87 – 2.51	117	899	–
– Fixed-to-float	–	2.92	177	–	–
Foreign currency and interest rate risk					
Cross currency swaps					
– USD / INR	66.75	–	249	–	–
Commodity risk					
Fuel oil swaps					
– Fuel oil swap ($ per MT)	205.00 – 475.75	–	613	41	–
– Fuel oil swap ($ per BBL)	33.03 – 83.13	–	183	2	–
– Fuel oil swap ($ per MMBTU)	4.90 – 9.55	–	102	22	–
Electricity futures market contracts	97.59 – 115.85	–	11	–	–

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Cash Flow Hedges *(cont'd)*

(S$ million)	Rate ($)	Interest rate (%)	Maturity: Within 1 year	Maturity: Between 1 and 5 years	Maturity: More than 5 years
2020					
Foreign currency risk					
Forward foreign exchange contracts (Buy / Sell)					
– SGD / USD	0.70 – 0.75	–	21	–	–
– USD / SGD	1.29 – 1.47	–	204	44	–
– SGD / INR	54.98 – 56.76	–	963	–	–
– EUR / SGD	1.63	–	4	–	–
– INR / USD	73.97 – 77.40	–	68	–	–
Interest rate risk					
Interest rate swap (IRS)					
– Float-to-fixed	–	1.05 – 2.51	122	597	100
– Fixed-to-float	–	2.92	181	–	–
Foreign currency and interest rate risk					
Cross currency swaps					
– USD / INR	66.75	–	12	244	–
Commodity risk					
Fuel oil swaps					
– Fuel oil swap ($ per MT)	186.00 – 421.00	–	290	54	–
– Fuel oil swap ($ per BBL)	33.03 – 67.65	–	82	7	–
– Fuel oil swap ($ per MMBTU)	4.90 – 5.59	–	7	9	–
Electricity futures market contracts	66.35 – 107.16	–	12	–	–
Coal commodity contracts	67.50 – 69.00	–	20	–	–

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 2021	2020
Foreign currency risk		
Highly probable purchases	3	8
Highly probable equity injection	1	–
Interest rate risk		
Variable rate borrowings	(28)	(68)
Other financial liabilities	(3)	(9)
Foreign currency and interest rate risk		
Receivables	–	(1)
Variable rate borrowings	(2)	(3)
Commodity risk		
Highly probable purchases	51	21
Fuel oil price	84	1

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Cash Flow Hedges *(cont'd)*

The amounts related to items designated as hedging instruments and hedge ineffectiveness are as follows:

	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	Coal commodity contracts	Total
2021							
Nominal amount – S$ million	959	1,193	249	963	11	–	3,375
Quantity	–	–	–	1,805,648 MT, 4,015,159 BBL and 19,260,000 MMBTU	–	–	1,805,648 MT, 4,015,159 BBL and 19,260,000 MMBTU
Carrying amount – S$ million							
Other financial assets	1	3	26	212	–	–	242
Other financial liabilities	2	36	–	50	29	–	117
Cash	85	–	–	–	–	–	85
Fair value increase / (decrease) – S$ million							
Hedging instruments	(84)	54	5	212	(52)	–	135
Hedged items	84	(54)	(5)	(215)	52	–	(138)
Hedge ineffectiveness	*	–	–	(3)	–	–	(3)
Reconciliation of hedging reserve – S$ million							
Changes in fair value	(84)	54	5	212	(52)	–	135
Amounts reclassified to profit or loss:							
– Cost of goods sold	48	–	–	(75)	25	–	(2)
– Finance cost	47	–	–	–	–	–	47
Amount reclassified to cost of investment in a subsidiary	(1)	–	–	–	–	–	(1)
							179
Tax on above items							(31)
Change in hedging reserve							148
Share of other comprehensive income of associates and joint ventures							35
Movement during the year							183

	Foreign currency risk	Interest rate risk	Foreign currency risk and interest rate risk	Commodity risk			
	Forward foreign exchange contracts	Interest rate swaps	Cross currency swaps	Fuel oil swaps	Electricity futures market contracts	Coal commodity contracts	Total
2020							
Nominal amount – S$ million	1,304	1,195	256	450	12	20	3,237
Quantity	–	–	–	533,953 MT, 1,034,975 BBL and 2,352,000 MMBTU	–	–	533,953 MT, 1,034,975 BBL and 2,352,000 MMBTU
Carrying amount – S$ million							
Other financial assets	3	–	17	47	*	4	71
Other financial liabilities	13	86	–	25	2	–	126
Fair value increase / (decrease) – S$ million							
Hedging instruments	(40)	(45)	(88)	(24)	6	5	(186)
Hedged items	51	45	88	26	(6)	(5)	199
Hedge ineffectiveness	11	–	–	2	–	–	13
Reconciliation of hedging reserve – S$ million							
Changes in fair value	(40)	(45)	(88)	(24)	6	5	(186)
Amounts reclassified to profit or loss:							
– Cost of goods sold	(80)	–	–	68	(5)	–	(17)
– Finance cost	–	2	162	–	–	–	164
							(39)
Tax on above items							1
Change in hedging reserve							(38)
Share of other comprehensive income of associates and joint ventures							(16)
Movement during the year							(54)

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F2. Hedges *(cont'd)*

Cash Flow Hedges *(cont'd)*

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 2021	Cash flow hedge reserve 2020
Balance at January 1	(133)	(87)
Movement during the year		
Changes in fair value:		
– Foreign currency risk	(84)	(40)
– Interest rate risk	54	(45)
– Foreign currency and interest rate risk	5	(88)
– Commodity risk	160	(13)
Amount reclassified to profit or loss:		
– Foreign currency risk	95	(80)
– Interest rate risk	–	2
– Foreign currency and interest rate risk	–	162
– Commodity risk	(50)	63
Amount reclassified to cost of investment in a subsidiary	(1)	–
Tax on movements on reserves during the year	(31)	1
Share of other comprehensive income of associates and joint ventures	35	(16)
	183	(54)
Share of non-controlling interests	(2)	8
Balance at December 31	48	(133)

Net Investment Hedges

The Group's investments in its UK subsidiaries are hedged by GBP / SGD forward foreign exchange contracts (hedging instrument), which mitigates the currency risks arising from the subsidiaries' net assets. The carrying amount of the hedging instrument of S$6 million (2020: S$4 million) and S$9 million (2020: S$8 million) is included in other financial assets and other financial liabilities respectively.

The notional amount of the contracts is S$166 million (2020: S$127 million). During the financial year, hedging loss of S$1 million (2020: S$2 million) was recognised in other comprehensive income. As at December 31, 2021, the balance of foreign currency translation reserve for continuing hedges is S$32 million (2020: S$33 million).

F3. Liquidity Risk

The Group manages its liquidity risk with the view to maintaining a healthy level of cash and cash equivalents appropriate to its operating environment and expected cash flows. Liquidity requirements are maintained within the credit facilities established and are adequate and available for the Group to meet its obligations.

Maturity Profile of the Group's and the 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 market contracts) that are designated as cash flows hedges are expected to impact profit or loss within 1 year, between 1 and 5 years and upon disposal of its investment in subsidiaries.

Approximately S$750 million (2020: S$600 million) of interest-bearing borrowings are due within 12 months. The Group has at least S$1,900 million (2020: S$800 million) in committed credit facilities with final maturity dates beyond 2022 that can be drawn down.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities (including derivative financial 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					
2021					
Derivatives					
Derivative financial liabilities	143				
– inflow		254	152	102	–
– outflow		(386)	(260)	(126)	–
Derivative financial assets	(291)				
– inflow		415	380	35	–
– outflow		(146)	(131)	(15)	–
Non-derivative financial liabilities					
Trade and other payables[1]	1,644	(1,645)	(1,624)	(16)	(5)
Lease liabilities	258	(386)	(26)	(78)	(282)
Interest-bearing borrowings	7,391	(9,244)	(1,009)	(5,099)	(3,136)
	9,145	(11,138)	(2,518)	(5,197)	(3,423)
2020					
Derivatives					
Derivative financial liabilities	138				
– inflow		232	190	42	–
– outflow		(370)	(278)	(82)	(10)
Derivative financial assets	(98)				
– inflow		224	102	115	7
– outflow		(138)	(34)	(104)	–
Non-derivative financial liabilities					
Trade and other payables[1]	1,125	(1,128)	(1,108)	(13)	(7)
Lease liabilities	226	(353)	(20)	(65)	(268)
Interest-bearing borrowings	7,728	(9,790)	(925)	(5,974)	(2,891)
	9,119	(11,323)	(2,073)	(6,081)	(3,169)

[1] Excludes advance payments, deferred grants, rental payables, Goods and Services Tax and employee benefits

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 the Company's Financial Liabilities *(cont'd)*

(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					
2021					
Non-derivative financial liabilities					
Trade and other payables[1]	1,618	(1,673)	(177)	(1,496)	–
Lease liabilities	115	(182)	(9)	(33)	(140)
	1,733	(1,855)	(186)	(1,529)	(140)
2020					
Non-derivative financial liabilities					
Trade and other payables[1]	1,708	(1,750)	(120)	(1,630)	–
Lease liabilities	116	(187)	(8)	(32)	(147)
	1,824	(1,937)	(128)	(1,662)	(147)

[1] Excludes advance payments, deferred grants, rental payables, 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 the profit or loss and the 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					
2021					
Derivative financial liabilities	117				
– inflow		136	130	6	–
– outflow		(253)	(236)	(17)	–
Derivative financial assets	(242)				
– inflow		329	294	35	–
– outflow		(87)	(72)	(15)	–
	(125)	125	116	9	–
2020					
Derivative financial liabilities	126				
– inflow		232	190	42	–
– outflow		(358)	(275)	(74)	(9)
Derivative financial assets	(71)				
– inflow		102	97	5	–
– outflow		(32)	(32)	–	–
	55	(56)	(20)	(27)	(9)

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, in estimating the risk of default used in measuring expected credit loss (ECL).

Accounting policies

The Group applies the simplified approach to provide ECL on trade and unbilled receivables, and 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. 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 the 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 the 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 the 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.

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)

The Group allocates exposure to credit risk by segmenting the customers based on the geographic region and industry classification.

(S$ million)	Equivalent to external credit rating	Credit impaired	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2021					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BBB+ – B-	No	610	(9)	601
– Government	AAA – BB	No	49	*	49
– Retail	B-	No	19	(2)	17
– Others	B+ – B-	No	2	*	2
			680	(11)	669
Receivables measured at 12-month ECL					
Service concession receivables	AAA – B	No	956	(11)	945
Total			1,636	(22)	1,614
2020					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	AAA – CCC	No	339	(5)	334
– Government	AAA	No	21	–	21
– Retail	B+ – B-	No	17	(2)	15
– Others	B+ – B-	No	1	*	1
			378	(7)	371
Receivables measured at 12-month ECL					
Service concession receivables	AAA – B	No	974	(11)	963
Total			1,352	(18)	1,334
Company					
2021					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BB+ – B-	No	46	(1)	45
– Government	AAA	No	4	–	4
			50	(1)	49
2020					
Receivables measured at lifetime ECL					
Trade and other receivables and contract assets					
– Industrial	BBB – CCC	No	35	*	35
– Government	AAA	No	4	–	4
			39	*	39

i. As at December 31, 2021, 84% (2020: 84%) of service concession receivables relate to two major customers of the Group.

ii. The carrying amount of receivable from the Group's most significant customer is S$423 million (2020: S$458 million) as at December 31, 2021. This receivable relates mainly to the sale of power in India and the customer is sovereign backed. Based on assessment performed in accordance with the Group's policy, the ECL allowance recognised as at December 31, 2021 is S$11 million (2020: S$9 million).

iii. There were no trade and other receivables and contract assets for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets.

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					
2021					
Not past due	No	0.6%	176	(1)	175
Past due 0 to 3 months	No	0.5%	210	(1)	209
Past due 3 to 6 months	No	0.7%	144	(1)	143
Past due 6 to 12 months	No	1.6%	183	(3)	180
More than 1 year	No	25.0%	132	(33)	99
Total			845	(39)	806
Company					
2021					
Not past due	No	1.2%	82	(1)	81
Past due 0 to 3 months	No	–	19	–	19
Past due 3 to 6 months	No	–	3	–	3
Past due 6 to 12 months	No	–	3	–	3
More than 1 year	No	–	3	–	3
Total			110	(1)	109

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F4. Credit Risk *(cont'd)*

ECL assessment for customers without credit ratings (or equivalent) *(cont'd)*

(S$ million)	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Group					
2020					
Not past due	No	0.4%	241	(1)	240
Past due 0 to 3 months	No	0.2%	200	*	200
Past due 3 to 6 months	No	0.8%	234	(2)	232
Past due 6 to 12 months	No	2.0%	153	(3)	150
More than 1 year	No	56.3%	48	(27)	21
Total			876	(33)	843
Company					
2020					
Not past due	No	–	72	–	72
Past due 0 to 3 months	No	–	10	–	10
Past due 3 to 6 months	No	–	1	–	1
Past due 6 to 12 months	No	–	1	–	1
Total			84	–	84

For the remaining financial assets at amortised cost amounting to S$351 million (2020: S$232 million) which pertain mainly to long-term fixed deposits with financial institutions, dividend receivables from joint ventures and GST receivables, the Group considered the risk that a credit loss may occur, and recognised a loss allowance of S$16 million (2020: S$6 million).

Movements in loss allowances

		Group			Company		
(S$ million)	Note	12-month ECL	Lifetime ECL	Total	12-month ECL	Lifetime ECL	Total
Balance at January 1, 2021		11	46	57	–	*	*
Currency translation difference		*	1	1	–	–	–
Impairment loss recognised		–	26	26	–	1	1
Loss allowance written back		*	(7)	(7)	–	–	–
Balance at December 31, 2021	E1	11	66	77	–	1	1
Balance at January 1, 2020		8	193	201	–	*	*
Currency translation difference		1	(8)	(7)	–	–	–
Impairment loss recognised		2	14	16	–	*	*
Loss allowance utilised		–	(3)	(3)	–	–	–
Loss allowance written back		–	(5)	(5)	–	–	–
Distribution of a subsidiary		–	(145)	(145)	–	–	–
Balance at December 31, 2020	E1	11	46	57	–	*	*

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 and enhancement of performance purposes. These derivatives are mainly foreign exchange contracts, foreign exchange swaps, interest rate swaps, cross currency swaps, fuel oil swaps and electricity futures market contracts.

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 contracts is accounted for based on the difference between the contractual strike price with the counterparty and the current forward market price.
4. Contracts for differences (CFDs) are accounted for based on the difference between the contracted price entered into with the counterparty and the reference price. The CFDs are measured at cost since the fair value cannot be measured reliably as there have been minimal trades made in the electricity future market. 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, that 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.

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F5. Financial Instruments *(cont'd)*

a. Fair Value Hierarchy

Financial assets and financial liabilities carried at fair value

(S$ million)	Fair value measurement Level 1	Level 2	Level 3	Total
Group				
At December 31, 2021				
Financial assets at FVOCI	–	–	53	53
Financial assets at FVTPL	85	–	28	113
Derivative financial assets	–	291	–	291
	85	291	81	457
Derivative financial liabilities	–	(143)	–	(143)
	85	148	81	314
At December 31, 2020				
Financial assets at FVOCI	–	–	71	71
Financial assets at FVTPL	90	–	26	116
Derivative financial assets	–	98	–	98
	90	98	97	285
Derivative financial liabilities	–	(138)	–	(138)
	90	(40)	97	147

There have been no transfers between the different levels of the fair value hierarchy at December 31, 2021 and December 31, 2020.

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances of Level 3 financial assets measured at FVOCI and FVTPL:

(S$ million)	Financial assets at FVOCI 2021	2020
Group		
Balance at January 1	71	87
Translation adjustments	–	1
Net change in fair value recognised in OCI	(18)	(14)
Distribution of a subsidiary	–	(3)
Balance at December 31	53	71

(S$ million)	Financial assets at FVTPL 2021	2020
Group		
Balance at January 1	26	25
Addition	5	4
Repayment of shareholder's loan[1]	–	(5)
Disposal[2]	(10)	–
Net change in fair value recognised in profit or loss	7	2
Balance at December 31	28	26

[1] Related to repayment of shareholder's loan by Sembcorp Jingmen Water Co. Ltd (SJW)

[2] Included the Group's divestment of its interests in SJW in May 2021

Level 3 financial asset at FVOCI include unquoted equity shares. The fair value of the unquoted equity shares are determined by reference to the investment's 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.

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 measured at amortised cost for which the carrying amounts approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

(S$ million)	Fair value measurement Level 1	Level 2	Level 3	Total
Group				
At December 31, 2021				
Investment properties	–	–	186	186
Associate	99	–	–	99
Service concession receivables	–	1,501	–	1,501
Long-term interest-bearing borrowings	–	(6,654)	–	(6,654)
At December 31, 2020				
Investment properties	–	–	191	191
Associate	131	–	–	131
Service concession receivables	–	1,334	–	1,334
Long-term interest-bearing borrowings	–	(7,175)	–	(7,175)
Company				
At December 31, 2021				
Amounts due to related parties	–	(1,451)	–	(1,451)
At December 31, 2020				
Amounts due to related parties	–	(1,603)	–	(1,603)

Notes to the Financial Statements

F. Our Financial Instruments and Risks Management *(cont'd)*

F5. Financial Instruments *(cont'd)*

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 service concession receivables and non-current borrowings.

(S$ million)	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Fair value
Group				
At December 31, 2021				
Service concession receivables	956	–	956	1,501
Interest-bearing borrowings:				
Non-current borrowings	–	(6,637)	(6,637)	(6,654)
At December 31, 2020				
Service concession receivables	974	–	974	1,334
Interest-bearing borrowings:				
Non-current borrowings	–	(7,135)	(7,135)	(7,175)
Company				
At December 31, 2021				
Amounts due to related parties	–	(1,445)	(1,445)	(1,451)
At December 31, 2020				
Amounts due to related parties	–	(1,595)	(1,595)	(1,603)

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.

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, 2021	December 31, 2020
At cost and carrying value:		
Unquoted equity shares	2,016	2,016
Preference shares	288	288
Share-based payments reserve	5	4
	2,309	2,308

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G1. Subsidiaries *(cont'd)*

Details of key subsidiaries of the Group are as follows:

Name of key subsidiary	Country of incorporation	Effective equity held by the Group 2021 %	Effective equity held by the Group 2020 %
Sembcorp Utilities Pte Ltd (SCU)[1]	Singapore	100	100
Sembcorp Cogen Pte Ltd[1]	Singapore	100	100
Sembcorp Gas Pte Ltd[1]	Singapore	100	100
Sembcorp Environment Pte. Ltd.[1]	Singapore	100	100
SembWaste Pte Ltd[1]	Singapore	100	100
Sembcorp Development Ltd[1]	Singapore	100	100
Singapore Precision Industries Pte Ltd[1]	Singapore	100	100
Singapore Technologies Industrial Corp Ltd[1]	Singapore	100	100
Vietnam Singapore Industrial Park Pte Ltd[1]	Singapore	96.59	96.59
Sembcorp Utilities (UK) Limited[2]	United Kingdom	100	100
Sembcorp Energy UK Limited[2]	United Kingdom	100	100
Nanjing Riverside Quay Co., Ltd[2]	China	100	100
Sembcorp Myingyan Power Company Limited[2]	Myanmar	100	100
Sembcorp North-West Power Company Ltd.[2]	Bangladesh	71	71
Sembcorp Energy India Ltd, SEIL[3]	India	100	100
Sembcorp Green Infra Limited (SGI)[3,4]	India	100	100

[1] Audited by KPMG LLP, Singapore

[2] Audited by member firms of KPMG International

[3] Audited by PricewaterhouseCoopers, India

[4] In December 2021, the Group has reorganised its investments in India and SGI became a wholly owned subsidiary of SCU (previously held by SEIL)

G2. Non-controlling Interests

There are no subsidiaries with material NCI for financial year ended December 31, 2021 and December 31, 2020.

There are also no significant acquisitions of additional interest in subsidiaries during the year.

G3. Acquisition and Disposal of Subsidiaries

Acquisition of Significant Subsidiaries

On June 30, 2020, the Group acquired 100% equity stake in Sembcorp Enviro Services Pte. Ltd. (formerly known as Veolia ES Singapore Pte. Ltd.) and the public cleaning business of Veolia ES Singapore Industrial (VESSI). The acquisition is in line with the Group's strategy of deepening its presence as an integrated energy and urban solutions player providing green and more efficient solutions to enable sustainable developments in its key markets.

Revenue and Profit Contribution

The acquired businesses contributed revenue of S$44 million and loss of S$1.4 million to the Group's result for the period from July 1, 2020 to December 31, 2020.

Had the acquired businesses been consolidated from January 1, 2020, the contribution to the Group's consolidated revenue and consolidated profit for the year ended December 31, 2020, would have been S$89 million and S$7 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, 2020.

Consideration Transferred

(S$ million)	Note	2020
a. *Effect on cash flows of the Group*		
Cash paid		18
Less: Cash and cash equivalents in subsidiaries acquired		(9)
Cash outflow on acquisition		9
b. *Identifiable assets acquired and liabilities assumed*		
Total net identifiable assets		35
Less: Negative goodwill	B4(c)	(17)
Consideration transferred for the businesses		18

Negative Goodwill

The negative goodwill of S$17 million recognised on acquisition is primarily attributable to Veolia Singapore wanting to exit the public cleaning and waste management business in Singapore to focus on its core operations.

Acquisition-related Costs

The Group incurred acquisition related cost of S$2 million. These costs have been charged to profit or loss.

Disposal of Significant Subsidiaries

For the year 2020, the Group divested 100% of its interests in the water business in Panama.

The financial effects arising from the deconsolidation and disposal of subsidiaries are as follows:

(S$ million)	2020
Net assets derecognised	37
Realisation of currency translation and other reserves	1
	38
Gain on disposal	20
Consideration (net of withholding tax) received	58
Less: Cash and cash equivalents disposed of	(4)
Net cash inflow	54

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. 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.

Key estimates and judgements

The recoverable amount of the interest in an associate was estimated based on its value-in-use. In estimating the recoverable amount, the Group applied the relief from royalty method to value the existing intellectual properties owned by the associate. As the associate is a new start-up with various intellectual properties at different stages of their business life cycles, the discount rates applied by the Group range from 20% to 22%, to reflect the higher risks inherent in the forecasted cash flows. Any significant changes to these forecasted cash flows, caused by changes in the risk of returns of the various intellectual properties may result in material adjustments on the associate's recoverable amounts in future periods.

(S$ million)	Note	Group December 31, 2021	Group December 31, 2020
Associates and joint ventures		1,846	1,614
Less: Allowance for impairment		(316)	(97)
	(a), (b)	1,530	1,517
Loan to an associate	(i)	70	71
		1,600	1,588

i. The loan 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.

ii. In 2021, the Group received dividends of S$77 million (2020: S$213 million) from its investments in associates and joint ventures.

iii. The carrying value includes goodwill on acquisition as follows:

(S$ million)	Group 2021	Group 2020
Balance at January 1	*	3
Distribution of a subsidiary	–	(3)
Balance at December 31	*	*

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 2021 %	Effective equity held by the Group 2020 %
Integrated Urban Solutions				
Wuxi-Singapore Industrial Park Development Co., Ltd[1]	Development, management and operation of Wuxi-Singapore Industrial Park	China	45.36	45.36
Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd[2]	First-grade land development including building infrastructure and public amenities	China	21.50	21.50
Conventional Energy				
Sembcorp Salalah Power and Water Company SAOG[1]	Generation of electric energy	Oman	40.00	40.00

[1] Audited by member firms of KPMG International

[2] Audited by Jiangsu Gongzheng Tianye Certified Public Accountants Co., Ltd, China

There are no individual associates that are considered to be material to the Group as at December 31, 2021 and December 31, 2020. Summarised financial information of the associates presented in aggregate, representing the Group's share, is as follows:

(S$ million)	Group December 31, 2021	Group December 31, 2020
Carrying amount	446	358
Profit for the year	57	48
Other comprehensive income	43	(2)
Total comprehensive income	100	46

The fair value of the equity interest of a listed associate amounted to S$99 million (2020: S$131 million) based on the last transacted market price on the last transaction day of the year.

In 2020, the Group recognised an impairment loss of S$81 million on the carrying amount of one of the Group's associates, Sembcorp Salalah Power and Water Company SAOG as the fair value of the equity interest had fallen below its carrying amount for a prolonged period. The impairment losses on associates were recorded in non-operating expenses. The Group used 26 years cash flow projections, representing the remaining contracted Power and Water Purchase Agreement terms and assuming a potential extension thereafter, with no terminal value considered and pre-tax discount rates ranging from 7.4% to 10% to determine the recoverable amount of the plants. Inflation rate of 3% has been used to project overheads and other general expenses. Expected capital expenditure for replenishment of parts and scheduled maintenance costs have been included in the projections with plant maintenance program.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Associates and Joint Ventures *(cont'd)*

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 2021 %	Effective equity held by the Group 2020 %
Renewables				
Guohua AES (Huanghua) Wind Power Co., Ltd[1]	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.[2]	Development of industrial parks, residential areas and commercial areas for sale and lease	Vietnam	49.26	49.26
PT Kawansan Industri Kendal[3]	Development of an industrial, commercial and residential township	Indonesia	49.00	49.00
Conventional Energy				
Phu My 3 BOT Power Company Ltd.[4]	Building, owning, operation and maintenance of Power Plant Facility	Vietnam	66.67	66.67
Shanghai Cao Jing Co-generation Co. Ltd[5]	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[6]	Development, possession, operation and maintenance of production, power generation and water desalination projects	United Arab Emirates	40.00	40.00

1 Audited by Baker Tilly Certified Public Accountants Co., Ltd, China
2 Audited by member firms of KPMG International
3 Audited by BDO Indonesia
4 Audited by Ernst & Young Vietnam Limited
5 Audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company
6 Audited by Ernst & Young, Abu Dhabi

The Group has two (2020: 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 material joint ventures is presented as follows:

(S$ million)	Guohua AES (Huanghua) Wind Power Co., Ltd. 2021	Guohua AES (Huanghua) Wind Power Co., Ltd. 2020	Vietnam Singapore Industrial Park J.V. Co., Ltd. 2021	Vietnam Singapore Industrial Park J.V. Co., Ltd. 2020
Revenue	131	120	469	391
Profit for the year[1]	51	48	106	81
Other comprehensive income	–	–	26	3
Total comprehensive income	51	48	132	84
Attributable to non-controlling interests	–	–	14	13
Attributable to investee's shareholders	51	48	118	71

1 Includes depreciation and amortisation of S$51 million (2020: S$53 million), finance income of S$4 million (2020: S$4 million), finance cost of S$18 million (2020: S$22 million) and income tax expense of S$24 million (2020: S$20 million).

(S$ million)	Guohua AES (Huanghua) Wind Power Co., Ltd. December 31, 2021	Guohua AES (Huanghua) Wind Power Co., Ltd. December 31, 2020	Vietnam Singapore Industrial Park J.V. Co., Ltd. December 31, 2021	Vietnam Singapore Industrial Park J.V. Co., Ltd. December 31, 2020
Non-current assets	690	694	231	173
Current assets[1]	250	216	1,055	880
Non-current liabilities[2]	(278)	(335)	(267)	(161)
Current liabilities[3]	(170)	(158)	(306)	(309)
Non-controlling interests	–	–	(102)	(90)
Net assets	492	417	611	493

1 Includes cash and cash equivalents of S$314 million (2020: S$161 million)
2 Includes non-current financial liabilities (excluding trade and other payables and provisions) of S$458 million (2020: S$419 million)
3 Includes current financial liabilities (excluding trade and other payables and provisions) of S$242 million (2020: S$133 million)

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G4. Associates and Joint Ventures *(cont'd)*

b. Joint Ventures *(cont'd)*

(S$ million)	Guohua AES (Huanghua) Wind Power Co., Ltd.	Vietnam Singapore Industrial Park J.V. Co., Ltd.	Individually immaterial joint ventures	Total
December 31, 2021				
Group's interest in net assets of investees at beginning of the year	201	251	707	1,159
Group's share of:				
– Profit from continuing operations	24	48	77	149
– Other comprehensive income	–	–	14	14
Total comprehensive income	24	48	91	163
– Dividends received during the year	–	–	(65)	(65)
– Translation during the year	12	12	16	40
– Impairment during the year	–	–	(212)	(212)
– Addition during the year, net of disposal	–	–	*	*
– Transfer to assets held for sale	–	–	(1)	(1)
Carrying amount of interest in investees at end of the year	237	311	536	1,084
December 31, 2020				
Group's interest in net assets of investees at beginning of the year	196	221	800	1,217
Group's share of:				
Profit from continuing operations	24	35	126	185
Other comprehensive income	–	1	(9)	(8)
Total comprehensive income	24	36	117	177
Dividends received during the year	(29)	–	(162)	(191)
Translation during the year	10	(6)	27	31
Impairment during the year	–	–	(32)	(32)
Addition during the year, net of disposal	–	–	2	2
Transfer to assets held for sale	–	–	(30)	(30)
Distribution of a subsidiary	–	–	(15)	(15)
Carrying amount of interest in investees at end of the year	201	251	707	1,159

i. The Group's share of the capital commitments of the joint ventures at the balance sheet date amounted to S$73 million (2020: S$118 million).

ii. The Group's interest in joint ventures with total carrying amount of S$96 million (2020: S$73 million) as at balance sheet date has been pledged to banks to secure credit facilities granted to the joint venture entities.

iii. In 2021, the Group has fully impaired the carrying value of S$212 million interest in Chongqing Songzao Sembcorp Electric Power Co., Ltd (CSZ). The business was severely impacted by significantly higher coal costs, with the loss of its mine-mouth advantage and escalating market coal prices due to supply-demand imbalance consequent to a government directive for coal mines and the partner's decision to close all its Chongqing-based coal mines.

The recoverable amount was assessed using a 19-year cash flow projection based on its best estimate of the asset's total service hours and a company specific risk adjusted pre-tax discount rate of 8.3%. The projection takes into consideration the recent 10-year market coal price forecast data, the uncertainty of government support and competitive pressure from low carbon power sources in the longer term. The impairment loss was recorded in non-operating expenses.

Post the impairment, the Group no longer equity accounts the results of CSZ as the Group's cumulative share of losses would exceed its interests in CSZ. As at December 31, 2021, the Group's share of the unrecognised losses of CSZ was S$25 million.

iv. In 2020, the Group recognised an impairment loss of S$32 million on the carrying amount of one of the Group's joint venture, Shenzhen Chiwan Engineering Co. Ltd, as the fair value less cost to sell based on the negotiation with the buyer was much lower than its carrying amount. The impairment losses on the joint venture were recorded in non-operating expenses. On September 1, 2020, the Group announced that it has signed a conditional agreement to divest this investment and as at December 31, 2020, the carrying value net of allowance for impairment was transferred to assets held for sale.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G5. Related Party Information

a. Amounts Due from Related Parties

(S$ million)	Note	Associates December 31, 2021	Associates December 31, 2020	Joint ventures December 31, 2021	Joint ventures December 31, 2020	Related companies December 31, 2021	Related companies December 31, 2020	Total December 31, 2021	Total December 31, 2020
Group									
Trade		5	9	5	5	19	12	29	26
Non-trade		3	1	12	31	*	1	15	33
Loans		*	*	1	1	–	–	1	1
	E1	8	10	18	37	19	13	45	60
Loss allowance		(1)	(1)	(12)	(2)	–	*	(13)	(3)
		7	9	6	35	19	13	32	57
Amount due within 1 year		(7)	(9)	(6)	(35)	(19)	(13)	(32)	(57)
Amount due more than 1 year		–	–	*	*	–	–	*	*

The non-trade amounts due from related parties are unsecured, repayable on demand and interest-free.

Loss allowance of S$10 million was made on a dividend receivable from a joint venture which was impaired (see G4(b)(iii)).

In 2020, the loan from a joint venture is repayable in the next 12 months.

(S$ million)	Note	Subsidiaries December 31, 2021	Subsidiaries December 31, 2020
Company			
Current:			
– Trade		35	15
– Non-trade		*	*
	E1	35	15

The non-trade amounts due from related parties are unsecured, repayable on demand and interest-free.

b. Amounts Due to Related Parties

(S$ million)	Note	Holding company December 31, 2021	Holding company December 31, 2020	Associates December 31, 2021	Associates December 31, 2020	Joint ventures December 31, 2021	Joint ventures December 31, 2020	Related companies December 31, 2021	Related companies December 31, 2020	Total December 31, 2021	Total December 31, 2020
Group											
Current:											
– Trade		*	–	*	*	*	1	*	2	*	3
– Non-trade		–	–	*	1	*	*	4	4	4	5
Advance payment – trade		–	–	–	–	–	2	–	–	–	2
	E3	*	–	*	1	*	3	4	6	4	10

The non-trade amounts due to related parties are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G5. Related Party Information *(cont'd)*

b. Amounts Due to Related Parties *(cont'd)*

(S$ million)	Note	Subsidiaries December 31, 2021	Subsidiaries December 31, 2020
Company			
Current:			
– Trade		*	2
– Non-trade		2	2
	E3	2	4
Non-current:			
– Loans	E3	1,445	1,595
		1,447	1,599

The non-trade amounts due to related parties are unsecured, interest-free and repayable on demand.

The loans from a related party of S$1,445 million (2020: S$1,595 million) bear interest rates ranging from 1.36% to 3.72% (2020: 1.37% to 3.72%) 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 2021	Outstanding balances 2020	Transactions 2021	Transactions 2020
Related Corporations				
Sales	19	14	177	119
Purchases including rental	*	2	428	316
Finance income	–	–	1	3
Finance expense	4	4	8	16
Associates and Joint Ventures				
Sales	10	14	32	67
Purchases including rental	*	4	–	1
Payment on behalf	–	–	4	1
Loans due from	1	1	–	–

There were no fees paid to related parties in 2021. In 2020, S$6.5 million break funding cost for early redemption of bonds was paid to bond investors who are also related parties, and S$6.9 million management and agent fees for the rights issue and the Distribution was paid to a related corporation.

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.

During the year, in line with setting the transformation target and plan, the Group has redefined the key management personnel. As of December 31, 2021, the key management personnel are Wong Kim Yin, Eugene Cheng, Robert Chong, Koh Chiap Khiong, Vipul Tuli, Andrew Koss, Alex Tan and Kelvin Teo.

The compensation of the eight (2020: six) key management personnel is included in the table below:

(S$ million)	Group 2021	Group 2020
Directors		
Directors' fees paid / payable	2	3
Key Management Personnel		
Salary, bonus and other benefits	8	7
Share-based compensation expenses	4	2

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.

G6. Discontinued Operation

Accounting policies

A discontinued operation is a component of the Group's business that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations.

Details of SCM's key accounting policies are disclosed in SCM's publicly available financial statements.

In September 2020, SCM issued a 5-for-1 Rights Issue at a Rights Issue Price of S$0.20 per share. The Company subscribed S$1.5 billion of the Rights Shares by setting off the S$1.5 billion outstanding under its Subordinated Loan extended to SCM.

On September 11, 2020, the Company demerged SCM via a distribution in specie of the Company's shares in SCM to its ordinary shareholders as dividend (the Distribution) and SCM ceased to be a subsidiary. Subsequently, the secured bonds were fully redeemed by the Company in November 2020 and an amount of S$6.5 million was paid to a related corporation for the early redemption (Note G5).

The results of SCM were reported in 2020 as a discontinued operation. SCM was previously reported under the Marine segment which focused principally on providing integrated solutions for the offshore and marine industry with key capabilities in rigs and floaters, repairs and upgrades, offshore platforms and specialised shipbuilding.

Notes to the Financial Statements

G. Our Group Structure *(cont'd)*

G6. Discontinued Operation *(cont'd)*

Financial performance

The loss from discontinued operation, net of tax of S$1,300 million included SCM's net loss of S$330 million (of which the Group's share was S$184 million) as well as loss on distribution of S$970 million.

In 2020, the basic and diluted[1] loss per share from discontinued operations were 64.65 cents per share. Earnings (loss) per share is computed using a weighted average number of shares and an adjusted weighted number of shares in Note B5(b).

[1] In computing the fully diluted earnings per ordinary shares, the weighted average number of shares was not adjusted for the effects of all dilutive potential ordinary shares as at December 31, 2020 as these potential ordinary shares were antidilutive.

Carry value of the distribution in specie

The financial effects arising from the distribution in specie of discontinued operation are as follows:

(S$ million)	2020
Net assets distributed	3,894
Less: Non-controlling interest	(1,208)
Realisation of capital reserves upon distribution	(125)
	2,561
Distribution in specie (less transaction costs of S$6 million)	(1,591)
Loss on the Distribution	(970)
Consideration received	–
Less: Cash of subsidiary companies distributed	(1,309)
Net cash outflow on distribution in specie	(1,309)

Cash flow information

The cash flows attributable to the discontinued operation for the year ended December 31, 2020 are as follows:

(S$ million)	Group 2020
Operating cash flow	(357)
Investing cash flow	(63)
Financing cash flow	1,341
Net cash inflows	921

Share-based Incentive Plans

Details of SCM's share plans is disclosed in the SCM's publicly available financial statements.

H. Other Disclosures

H1. Other Financial Assets and Liabilities

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 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 into 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. Other Financial Assets and Liabilities *(cont'd)*

(S$ million)	Note	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current
2021					
At FVOCI:					
– Equity shares		–	53	–	–
At FVTPL:					
– Cross currency swaps		–	5	–	9
– Interest rate swaps		–	3	–	*
– Forward foreign exchange contracts		1	–	1	–
– Foreign exchange swap contracts		*	–	–	–
– Mutual funds	(i)	85	28	–	–
– Other derivatives		26	*	7	*
		112	36	8	9
Hedge of net investment in foreign operations:					
– Forward foreign exchange contracts		1	5	–	9
Cash flow hedges:					
– Forward foreign exchange contracts		1	*	2	*
– Fuel oil swaps		204	8	48	2
– Interest rate swaps		–	3	–	36
– Cross currency swaps		26	–	–	–
– Electricity futures market contracts		–	–	29	–
		231	11	79	38
Fair value hedges:					
– Forward foreign exchange contracts		8	–	–	–
At amortised cost:					
– Long-term fixed deposits		–	114	–	–
Total		352	219	87	56

(S$ million)	Note	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current
2020					
At FVOCI:					
– Equity shares		–	71	–	–
At FVTPL:					
– Cross currency swaps		–	10	–	–
– Interest rate swaps		–	–	*	*
– Foreign exchange option contracts		*	–	–	–
– Forward foreign exchange contracts		–	–	1	–
– Foreign exchange swap contracts		1	–	–	–
– Fuel oil swaps		–	–	*	*
– Equity shares	(ii)	8	–	–	–
– Mutual funds	(i)	90	18	–	–
– Other derivatives		3	2	2	1
		102	30	3	1
Hedge of net investment in foreign operations:					
– Forward foreign exchange contracts		*	4	–	8
Cash flow hedges:					
– Forward foreign exchange contracts		3	–	11	2
– Fuel oil swaps		42	5	24	1
– Interest rate swaps		–	–	–	86
– Cross currency swaps		1	16	–	–
– Commodity contracts		4	–	–	–
– Electricity futures market contracts		*	–	2	–
		50	21	37	89
Fair value hedges:					
– Forward foreign exchange contracts		7	–	*	–
At amortised cost:					
– Long-term fixed deposits		–	124	–	–
Total		159	250	40	98

i. Included in mutual funds are amounts of S$83 million (2020: S$85 million) pledged to secure loan facilities.

ii. The Group was deemed to have lost control of SJW, and SJW's net assets were deconsolidated and recognised as other financial assets since 2019. In May 2021, the Group divested its interests in SJW.

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 the 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)	Warranty	Others (iv)	Total
Group							
2021							
Balance at January 1		12	29	4	–	19	64
Translation adjustments		*	*	(1)	–	*	(1)
Provisions made during the year		*	16	30	–	9	55
Provisions reversed during the year		(3)	(2)	–	–	*	(5)
Provisions utilised during the year		(1)	(1)	(1)	–	(7)	(10)
Unwind of accretion on restoration costs	C6	–	1	–	–	–	1
Balance at December 31		8	43	32	–	21	104
Provisions due:							
– within 1 year		8	14	10	–	8	40
– after 1 year but within 5 years		–	–	22	–	13	35
– after 5 years		*	29	–	–	–	29
		8	43	32	–	21	104
2020							
Balance at January 1		12	105	–	42	17	176
Translation adjustments		*	(1)	*	*	*	(1)
Provisions made during the year		4	5	4	1	5	19
Provisions reversed during the year		(3)	*	–	(4)	–	(7)
Provisions utilised during the year		(1)	(2)	–	*	(1)	(4)
Disposal of subsidiaries		–	–	–	–	(2)	(2)
Distribution of a subsidiary		–	(79)	–	(39)	–	(118)
Unwind of accretion on restoration costs		–	1	–	–	–	1
Balance at December 31		12	29	4	–	19	64
Provisions due:							
– within 1 year		12	4	4	–	6	26
– after 1 year but within 5 years		–	–	–	–	13	13
– after 5 years		–	25	–	–	–	25
		12	29	4	–	19	64

Notes to the Financial Statements

H. Other Disclosures *(cont'd)*

H2. Provisions *(cont'd)*

(S$ million)	Claims (i)	Restoration costs (ii)	Others (iv)	Total
Company				
2021				
Balance at January 1	9	13	–	22
Provisions made during the year	*	15	1	16
Provisions reversed during the year	(3)	(2)	–	(5)
Provisions utilised during the year	(2)	*	–	(2)
Balance at December 31	4	26	1	31
Provisions due:				
– within 1 year	4	14	1	19
– after 5 years	–	12	–	12
	4	26	1	31
2020				
Balance at January 1	11	10	–	21
Provisions made during the year	1	3	–	4
Provisions reversed during the year	(2)	–	–	(2)
Provisions utilised during the year	(1)	–	–	(1)
Balance at December 31	9	13	–	22
Provisions due:				
– within 1 year	9	2	–	11
– after 5 years	–	11	–	11
	9	13	–	22

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.

iii. This relates to remediation obligations of certain legacy sites in 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. Subsequent Events

On January 28, 2022, the Group announced the completion of the acquisition of a 35% interest in an associated company, SDIC New Energy Investment Co., Ltd. The equity consideration was RMB1.5 billion (approximately S$320 million). The acquisition is expected to be earnings accretive commencing from financial year ending December 31, 2022.

On February 21, 2022, the Group entered into a conditional sale and purchase agreement to divest its entire 30% interest in an associated company, Subic Water and Sewage Co, Inc for USD9.7 million (approximately S$13 million).

H4. 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, 2021:

Applicable to 2022 financial statements

- *Amendments to SFRS(I) 3 Reference to the Conceptual Framework*
- *Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract*
- *Amendments to SFRS(I) Annual Improvements to SFRS(I)s 2018 – 2022*

Applicable to 2023 financial statements

- *SFRS(I) 17 Insurance Contracts*
- *Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current*
- *Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies*
- *Amendments to SFRS(I) 1-8 Definition of Accounting Estimates*
- *Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Mandatory effective date deferred

- *Amendments to SFRS(I) 10 and SFRS(I) 1-28 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.

Notes to the Financial Statements

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 2021, the 5% Group's consolidated NTA as at December 31, 2020 was S$149 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 2021, 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) 2021
Sale of Goods and Services		
Mapletree Investments Pte Ltd and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	3.2
PSA International Pte Ltd and its Associates		5.1
Singapore Power Limited and its Associates		2.4
Singapore Telecommunications Ltd and its Associates		173.9
CapitaLand Ltd and its Associates		2.9
Olam International Ltd and its Associates		2.5
SATS Ltd and its Associates		0.2
SMRT Corporation and its Associates		3.6
Singapore Technologies Telemedia Pte Ltd and its Associates		0.2
Singapore Technologies Engineering Ltd and its Associates		1.0
Sembcorp Marine Ltd and its Associates		29.2
		224.2
Purchase of Goods and Services		
Singapore Power Limited and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	8.3
Surbana-Jurong Private Limited and its Associates		3.1
Singapore Telecommunications Ltd and its Associates		2.1
Starhub Ltd and its Associates		1.5
Temus Pte Ltd and its Associates		0.4
		15.4
Obtaining Support Services		
Temasek International Pte Ltd	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	0.7
		240.3

Transactions not under shareholders' mandate

(S$ million)	Nature of relationship	Aggregate value of all 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) 2021
Receipt of Grant for Feasibility Study		
Temasek Capital Management Pte Ltd	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	1.0
Joint Development Agreement		
Singapore Technologies Telemedia Pte Ltd and its Associates	Associate of Temasek Holdings (Private) Limited, the controlling shareholder of the Company	0.6
		1.6

I2. List of Properties

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%

Urban

Description	Type	Land tenure	Net lettable / saleable 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	Incubator	Leasehold 50 years from 2012	78,972	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	456,821	45.4%	Completed development
5. Wuxi-Singapore Industrial Park	Built-to-specs factories	Leasehold 50 years from 2006	152,952	45.4%	Completed development

[1] Gross floor area excludes carpark and basement area

Notes to the Financial Statements

I. Supplementary Information *(cont'd)*

I2. List of Properties *(cont'd)*

Urban *(cont'd)*

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest	Status
China					
Commercial & Residential Properties					
1. Jiangdao Xin Tiandi, Nanjing	Retail	Leasehold 40 years from 2012	66,274	21.5%	Under development
2. Jiangdao Hua Ting, Nanjing	Residential	Leasehold 70 years from 2012	7,718	21.5%	Completed development
3. Modena by Fraser, Wuxi New District	Service apartment	Leasehold 40 years from 2008	11,056	45.4%	Completed 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. VSIP Binh Duong I	Ready-built factories	Leasehold 50 years from 1996	57,813	49.3%	Completed development
2. VSIP Binh Duong II	Ready-built factories	Leasehold 50 years from 2005	25,016	49.3%	Completed development
3. VSIP Binh Duong II-A	Ready-built factories	Leasehold 50 years from 2008	78,961	49.3%	Completed development
4. VSIP Nghe An	Ready-built factories	Leasehold 50 years from 2015	8,810	49.3%	Completed development
5. VSIP Hai Phong	Ready-built factories	Leasehold 50 years from 2008	30,051	49.3%	Completed development
6. VSIP Bac Ninh	Ready-built factories	Leasehold 50 years from 2007	37,035	46.5%	Completed development
7. VSIP Bac Ninh Flatted Factory	Flatted factory	Leasehold 50 years from 2007	16,136	46.5%	Completed development
8. SIS Hai Phong Phase I	Warehouses	Leasehold 44 years from 2014	15,000	52.5%	Completed development
9. SIS Hai Phong Phase II	Warehouses	Leasehold 43 years from 2016	14,279	52.5%	Completed development
10. SIS Hai Phong Phase III	Warehouses	Leasehold 40 years from 2018	13,200	52.5%	Completed development
11. SIS Hai Duong	Warehouses	Leasehold 38 years from 2020	15,490	52.5%	Under development

Description	Type	Land tenure	Net lettable / saleable area (sq m)	Group's effective interest	Status
Vietnam *(cont'd)*					
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 2012	3,062	49.3%	Completed development
3. VSIP Hai Phong	Retail	Leasehold 50 years from 2008	421	46.5%	Completed development
4. Hai Phong Gateway	Retail	Leasehold 50 years from 2008	342	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	3,506	49.3%	Completed development
7. Sun Casa Central I, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	38,114	49.3%	Completed development
8. Bel Homes, Hai Phong	Residential & shophouses	Leasehold 50 years from 2008	5,797	46.5%	Completed development
9. Sun Casa Central II, Binh Duong	Residential & shophouses	Leasehold 50 years from 2009	76,128	49.3%	Under development
10. The Habitat Binh Duong II	Residential & retail	Leasehold 45 years from 2018	815	51.6%	Completed development

APPENDIX II

REPRODUCTION OF THE ANNUAL FINANCIAL STATEMENTS OF THE ISSUER AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021 AND ITS AUDITOR'S REPORT

The information set out below is a reproduction of the annual financial statements of the Issuer as at and for the year ended 31 December 2021 and its auditor's report.

SG Issuer
Société Anonyme

Financial statements,
Report of the Executive Board and Corporate Governance Statement and
Report of the Réviseur d'entreprises agréé

As at and for the year ended 31 December 2021

16, boulevard Royal
L-2449 Luxembourg
R.C.S. Luxembourg: B121.363

Table of Contents

Executive Board Members
As at 31 December 2021

EXECUTIVE BOARD MEMBERS

Chairman:

Mr Yves CACCLIN
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Members:

Mr Thierry BODSON
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Alexandre GALLICHE
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Pascal JACOB
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mrs Estelle STEPHAN JASPARD
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mr Laurent WEIL
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Mr Christian ROUSSON
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Supervisory Board Members
As at 31 December 2021

SUPERVISORY BOARD MEMBERS

Chairman:

Mr Pierre LESCOURRET
Employee of Société Générale
Basalte, 4 boulevard Franck Kupcka, F-92800 Puteaux, France

Members:

Mr Olivier BLANC
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Angelo BONETTI (since 08 January 2021)
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris - La Défense 7, France

Mr Gregory CLAUDY
Independent Director
225A, rue du Burgknapp, B-6717 Heinstert, Belgium

Mr Olivier FREITAS
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Vincent ROBILLARD (until 08 January 2021)
Employee of Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Audit Committee Members
As at 31 December 2021

AUDIT COMMITTEE MEMBERS

Chairman:

Mr Gregory CLAUDY
Independent Director
225A, rue du Burgknapp, B-6717 Heinstert, Belgium

Members:

Mr Olivier FREITAS
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

Mr Olivier BLANC
Employee of Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg

MANAGEMENT AND ADMINISTRATION

Issuer
SG Issuer
16, Bd Royal, L-2449 Luxembourg, Luxembourg

Guarantor (if applicable, as specified in the Final Terms)
Société Générale
29, boulevard Haussmann, F-75009 Paris, France

Arranger and Dealer
Société Générale
Tour Société Générale, 17, cours Valmy, F-92987 Paris-La Défense 7, France

Security Trustee and Security Agent Trustee
The Bank of New York Mellon Corporate Trustee Services Limited
One Canada Square, London E14 5AL, United Kingdom

Collateral Custodian
The Bank of New York Mellon S.A., Luxembourg Branch
Vertigo Building, Polaris, 2-4, rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg

Collateral Monitoring Agent
The Bank of New York Mellon London Branch
One Canada Square, London E14 5AL, United Kingdom

Custodian Agent, Issuing and Paying Agent, Registrar, Exchange Agent and Transfer Agent
Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg, Luxembourg

Paying Agents
Société Générale
29, boulevard Haussmann, F-75009 Paris, France
&
Société Générale, New York Branch
1221, avenue of the Americas, New York NY 10020, United States of America

Warrant Agent
Société Générale Luxembourg
11, avenue Emile Reuter, L-2420 Luxembourg, Luxembourg

LEGAL ADVISERS AND RÉVISEUR D'ENTREPRISES AGRÉÉ

Legal advisers
To the Arranger as to English, French and U.S. laws
Allen & Overy LLP
52, avenue Hoche, CS 90005, 75379 Paris Cedex 08, France

To the Trustee as to English Law
Allen & Overy LLP
1 Bishops Square, London E1 6AD, United Kingdom

To the Arranger as to Luxembourg Law
Allen & Overy Luxembourg
5, avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg

Independent Auditor (Réviseur d'entreprises agréé)
Ernst & Young S.A.
35E, Avenue John F. Kennedy, L-1855 Luxembourg, Luxembourg

REPORT OF THE EXECUTIVE BOARD AND CORPORATE GOVERNANCE STATEMENT

The Directors of SG Issuer (the "Company" or "SGIS") (each a « Director », collectively the « Executive Board ») present the financial statements and the Report of the Executive Board and Corporate Governance Statement of the Company for the year ended 31 December 2021.

1. ACTIVITIES AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The purpose of SG Issuer is to issue Notes and Warrants with all types of underlyings including, without restriction, Shares, Index, Interest Rate, Dividend, Credit Risk, Foreign Exchange, Commodities, Funds, Warrants, allowing investors to access to the full pricing capabilities of Société Générale, which proposes an extensive range of investment strategies linked to these various asset classes.

Notes and Warrants issued by the Company can be sold in either Private Placements or Public Offerings.

Notes are mainly Debt Securities, Bonds, Certificates. Issuing Proceeds raised by the sale of the Notes are transferred to Société Générale Paris S.A. ("Société Générale") through a Fully Funded Swap ("FFS"), which perfectly hedges SGIS for the full issue size.

Warrants are financial products like Turbos, inline Warrants, daily Leverage Certificates, etc., which aim to replicate the same financial exposure as buying (Call) or selling (Put) an asset such as a share or an index, at a predetermined price (strike price) on a predetermined date (expiry) and to offer different pay-off or exposures to investors.

Warrants are distributed by Société Générale mainly to clients in France, Belgium, Luxembourg, United-Kingdom, Sweden, Finland, Norway, Spain, Hong-Kong, the Netherlands, Italy and Singapore. Issuing proceeds raised by the sale of the Warrants are transferred to Société Générale through an option.

Payments in respect of the Notes and Warrants issued by the Company are unconditionally and irrevocably guaranteed by Société Générale.

On request of investors, the Company can issue Collateralised Notes or Warrants ("Secured Notes" or "Secured Warrants") in order to propose an additional layer of protection to investors in case of default of Société Générale.

Notes and Warrants issuances are governed by the programs prepared by Société Générale.

The main programs for Notes are (i) the Debt Instruments Issuance Program, the Base Prospectus of which has been updated and approved by the CSSF on 4 June 2021 and (ii) the "Programme d'Emission de Titres de Créance", the Base Prospectus of which has been updated and approved by the CSSF on 14 June 2021. Similarly, the main program for Warrants is the Warrants Issuance Program, for which the last updates have been approved by the CSSF on 28 June 2021.
In addition, (i) the German law Dual Language Debt Instruments Issuance Program has been updated and approved by the CSSF on 21 June 2021 and (ii) the Dual Language Leveraged and Tracking Products Issuance Program has been updated and approved by the CSSF on 9 July 2021.
The newly created UK Securities Issuance Program and Swiss Securities Issuance Program were respectively approved by the CSSF on 4 June 2021 and 2 July 2021.

The state of business of the Company at the closing of the financial year is adequately presented in the financial statements published hereby.

The decrease in total assets and liabilities (before impact of the offsetting) (see Note 4) is due to the evolution of the activity of issuing financial instruments and significant changes in the fair value of the notes.

During the year ended 31 December 2021, 11 500 new Notes were issued (among which 87 secured Notes) and 1 750 Warrants were issued[1].

The Company did not exercise any research and development activity, does not have any branch, and did not acquire any own shares.

2. RISKS AND UNCERTAINTIES

The risks associated with the investment in the Notes or Warrants depend on several factors. Such factors will vary depending on the characteristics of the Notes or Warrants issued, in particular depending on the underlying type, the maturity, the secured / unsecured status of the Notes or Warrants, the interest rates incurred, the volatility of the underlying.

For each Note, the Company systematically hedges its position by contracting a FFS with Société Générale, with strictly identical characteristics. Also, for each Warrant, the Company systematically hedges its position by contracting an option with Société Générale, with strictly identical characteristics.

The legal documentation and the derivative instruments have been put in place in order to make sure that the assets match the liabilities at any time. Therefore, no market risk is supported by the Company. The risk management in relation to the Notes and Warrants is also described in Note 14 hereafter.

3. COVID-19 CRISIS

Two years after the outbreak of the Covid-19 pandemic, the year 2021 was marked by an economic upturn in several major economies, in particular as a result of the deployment of vaccines.

However, these dynamics are affected by persistent frictions in the global supply chains and labour markets, and by longer delivery times in the manufacturing sector and a reduced capacity of supply in the service sector, which have led to rising costs. Uncertainties remain regarding new developments in the sanitary crisis (emergence of the Omicron variant and slow deployment of vaccines in some countries).

4. FUTURE DEVELOPMENTS AND PERSPECTIVES

In the context of the acquisition by the Société Générale Group (SG Group) of the listed warrants activities from CommerzBank, Société Générale has decided that new warrants for this activity would mostly be done by another issuer of the Group starting from 1 April 2020. As this activity represented most of the Warrants issued by SGIS so far, the drop in new Warrants issuances continued in 2021. As expected by the Executive Board, the overall commission income of the Company decreased accordingly compared to 2020. The Company will however pursue its warrants issuance activity on the Asian markets until the Program updates in 2023, when the shift will be made to another issuer.

5. INFORMATION ON LITIGATIONS

During the year ended 31 December 2020, SG Issuer, as the Issuer of Notes linked to the credit risk of a French corporate, and Société Générale, as the Guarantor, were brought before the Courts of Paris (alongside other French financial institutions) by end investors to obtain compensation for the financial loss they suffered on their

[1] The number of issued Notes and Warrants does not take into account the issuances which have been issued and cancelled during the same financial period.

investment in these securities. The French corporate was the subject of a “safeguard procedure”, which constitutes a credit event under the terms of the Notes which had a strong impact on the value of the Notes. These investors rely on unfounded allegations according to which SG Issuer and Société Générale were aware of the difficulties of the French corporate when setting up and marketing these Notes and that in doing so, they failed to meet their regulatory obligations (to act in an honest, fair and professional manner, to provide information on the product risks and to determine the suitability of the Notes for retail investors).

On 27 July 2021, the Company received a new letter from end investors in order to obtain compensation for the financial loss they suffered on their investment in securities issued by the Company. This letter relates to the same litigation described above.

For this litigation, along with any other litigation relating to securities issued by SG Issuer, SG Issuer is entitled to an indemnification by Société Générale in respect of any sum due by SG Issuer regarding potential damages or attorneys' fees.

6. SUBSEQUENT EVENTS

In February 2022, a number of countries (including the US, UK and EU) imposed new sanctions against certain entities (of which financial institutions) and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Additional sanctions have been made following military operations initiated by Russia on 24 February 2022 against Ukraine including the restriction of the access of already sanctioned Russian banks to the international payments system SWIFT.

Such sanctions can impact not only the sanctioned entities and individuals including entities under their control but also Business Counterparties of these sanctioned entities. The results of the sanctions and the geopolitical instability have created an important volatility in the financial markets with a potential to adversely impact global economies and increase instability across markets.

The Executive Board has performed an analysis towards the Company’s potential exposure to the above. The Executive Board regards these events as non-adjusting events after the reporting period. At the date of this report, the Company including its going concern is not significantly impacted (directly or indirectly) by the above and the situation including the possible impact of changing micro- and macroeconomic conditions will be continued to be monitored.

7. CORPORATE GOVERNANCE STATEMENT

The Executive Board of the Company is committed to maintaining the standards of corporate governance enforced at the level of the European Union and at level of the Société Générale Group. This statement describes the Company’s governance principles and practices.

In compliance with its status, the Company is governed by an Executive Board and supervised by a dedicated Supervisory Board.

7.1 Executive Board

The Executive Board supervises and controls the Management and operations of the Company and is responsible for the Company system of risk management and internal control.
The Executive Board meetings are held on demand several times during the year.

The Board has quorum when more than half of its members are present. An opinion supported by more than half of the members present becomes a decision.

Key tasks of the Executive Board:

- Ensures that the supervision of accounting is organized and monitored appropriately;
- Reviews and approves the Company's financial statements and condensed interim financial information;
- Supervises and controls operative management.

7.2 Supervisory Board

The Supervisory Board ensures permanently and by all means suited the control of the Management of the Company carried out by the Executive Board. However, this supervision has to be translated in no way by an intervention in the Management of the Company. The Supervisory Board can mandate advisory committees comprised of members of the Supervisory Board and/or of other non-members to lead different missions. The Supervisory Board can confer these advisory committees of the power or mandates permanently or temporary. These advisory committees cannot have the effect of restricting the powers of the Executive Board.

7.3 Audit Committee

The mission of the Audit Committee is to monitor the issues related to the preparation and control of accounting and financial information, to monitor the independence of the statutory auditors, as well as to monitor the efficiency of the internal control, measurement, supervision and risk control systems related to the accounting and financial processes. If needed, it gives recommendations and its opinion to the Supervisory Board.

An Audit Committee of the Company took place on 25 April 2022, during which the financial statements for the year ended 31 December 2021 and the external audit results were presented. At least one member of the committee must be independent, which is the case of the Chairman of the Company's Audit Committee.

7.4 Internal Audit

The Internal Audit of both Société Générale Luxembourg and Société Générale support the Company's Executive Board in overseeing the Company's activities and securing its operations by carrying out internal audits and providing consultative assistance. The objective of Internal Audit is to add value by making recommendations designed to improve the Company's functioning. Internal Audit is an independent function and its activities are based on international professional internal audit standards and rules of ethics.

The central task of Internal Audit is to audit the functioning of SG Issuer on a regular basis and evaluate its internal controls, risk management, and administrative function. The areas to be audited are determined by the projected financial and operational risks concerned. Internal Audit can also carry out special assignments at the request of management.

Internal Audit does not have any direct authority over the activities it reviews.

7.5 Controls framework

First level of controls is related to the execution of the procedures, guidelines and instructions established to ensure the proper and efficient functioning of the Company. They are executed by the involved teams in charge of the production.

A second level of control is ensured by Société Générale Luxembourg : Outsourced Essential Services ("OES") supervision (ensured by the Corporate department), Market Risk and Operational Risk (ensured by the Risk department), "Level 2 permanent control" activity (monitoring and assessment of the level 1 permanent control system)."

The Chief Financial Officer of the Company ensures the completeness of the procedural framework.

Report of the Executive Board and Corporate Governance Statement (continued)
As at 31 December 2021

7.6 New Products Committee

All the new activities and business of the Company are analysed and authorized by a dedicated New Products Committee (NPC). All involved departments within Société Générale are represented (operations, finance, risk, accounting standards, etc...) to assess the impact for the Company.

7.7 Service level agreements

The Company and several of its service providers are subsidiaries of the Société Générale Group.

Service Level Agreements ("SLAs") were signed by the Company with Société Générale Luxembourg and with Société Générale. The SLAs govern the relations between the entities as well as their respective obligations. The services supplied by Société Générale Luxembourg and Société Générale are listed in the appendices of the agreements (mainly General services, legal services, business continuity management services and financial services from Société Générale Luxembourg and operational services - Middle Office and Back Office - from Société Générale). In particular, the calculation of the remuneration related to the issuance of the Notes is delegated to Société Generale Paris Middle Office within the framework of the SLA.

Luxembourg, 27 April 2022

For the Executive Board

Yves CACCLIN
Chairman of the Executive Board

Thierry BODSON
Member of the Executive Board

GLOBAL STATEMENT FOR THE FINANCIAL STATEMENTS

To the best of our knowledge, the financial statements gives a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and the Report of the Executive Board (management report) includes a fair presentation of the development and performance of the business and the position of the Company, together with a description of the main risks and uncertainties that it faces.

Luxembourg, 27 April 2022

Executive Board Member
For the Executive Board

Yves CACCLIN
Chairman of the Executive Board

Thierry BODSON
Member of the Executive Board

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

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L-2017 Luxembourg

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TVA LU 16063074

Independent auditor's report

To the sole Shareholder of
SG Issuer
16, boulevard Royal
L-2449 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SG Issuer S.A. (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation Nº 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the 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.

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Hedging of financial instruments issued

Description

The activity of the Company consists in issuing Notes and Warrants, which are subscribed by investors. These financial instruments are fully hedged with mirror transactions concluded with Société Générale S.A. replicating the financial instruments issued by the Company (see Note 4).

We have considered the hedging of financial instruments issued to be a key audit matter considering the financial risk which would result from inadequate hedging of the financial instruments issued by the Company.

How the matter was addressed in our audit

We tested the key controls implemented by the Company in relation with the issuance of financial instruments and the conclusion of mirror transactions with Société Générale S.A., as well as the key controls on the stock of financial instruments to ensure the effectiveness of the hedging.

We verified the intercompany reconciliation process between the Company and Société Générale S.A., and the intercompany reconciliations performed as at 31 December 2021.

For a sample of financial instruments issued by the Company as at 31 December 2021, we verified that the Company has contracted the mirror financial instruments with Société Générale S.A..

Also, we inquired about the existence of operational errors during the year and, if applicable, the related financial impact.

Other information

The Executive Board is responsible for the other information. The other information comprises the information included in the report of the Executive Board and Corporate Governance Statement but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

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Responsibilities of the Executive Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Board is responsible for assessing the Company'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 the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit 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 a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF 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 EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Conclude on the appropriateness of Executive Executive Board 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company 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.

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We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to 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 those charged with governance, 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 report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 30 April 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 5 years.

The report of the Executive Board is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the report of the Executive Board, is the responsibility of the Executive Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the financial statements of the Company as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Company, it relates to:

- Financial statements prepared in valid xHTML format;

In our opinion, the financial statements of the Company as at 31 December 2021, identified as "SG Issuer S.A. financial statements 12312021 ESEF", have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Dorian Rigaud

Luxembourg, 28 April 2022

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Statement of Financial Position

As at 31 December 2021

	Notes	('000 EUR) 2021	('000 EUR) 2020
Cash and cash equivalents	3	36 384	44 293
Financial assets at fair value through profit or loss			
- *Mandatorily measured at fair value through profit or loss*	4.1	40 322 401	43 135 651
- *Trading derivatives*	4.1	714 838	674 352
Loans and receivables	5	50 021	49 902
Other assets	6	497 267	835 571
Total assets		**41 620 911**	**44 739 769**
Financial liabilities at amortised cost	4.3	76 412	65 342
Financial liabilities at fair value through profit or loss			
- *Designated at fair value through profit or loss*	4.2	40 323 850	43 146 652
- *Trading derivatives*	4.2, 13	714 854	676 965
Other liabilities	6	503 809	848 336
Tax liabilities	7	-	75
Total liabilities		**41 618 925**	**44 737 370**
Share capital	8.1	2 000	2 000
Share premium		-	-
Legal reserve	8.2	200	200
Other reserves	8.2	1	0
Profit for the financial year		(215)	199
Total equity		**1 986**	**2 399**
Total liabilities and equity		**41 620 911**	**44 739 769**

The accompanying Notes are an integral part of these financial statements.

Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	('000 EUR) 2021	('000 EUR) 2020
Interest income	9	762	917
Commission income	10	45 174	48 748
Total revenues		**45 936**	**49 665**
Interest expenses	9	(29 567)	(18 409)
Net loss from financial instruments at fair value through profit or loss		(241)	(139)
Personnel expenses	11	(352)	(273)
Other operating expenses	12	(15 995)	(30 569)
Cost of risk	5	4	(1)
Total expenses		**(46 151)**	**(49 391)**
Profit before tax		**(215)**	**274**
Income tax	7	-	(75)
Profit for the financial year		**(215)**	**199**
Total comprehensive income for the financial year		**(215)**	**199**

The accompanying Notes are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2021

	('000 EUR) **Share capital**	**('000 EUR)** **Share premium**	**('000 EUR)** *Legal reserve*	**('000 EUR)** *Other unavailable reserves*	**('000 EUR)** *Other available reserves*	**('000 EUR)** **Total reserves**	**('000 EUR)** **Profit for the financial year**	**('000 EUR)** **Total equity**
As at 31 December 2019	**2 000**	**-**	*200*	-	-	**200**	**148**	**2 348**
Transfer to available reserves	-	-	-	-	-	**-**	**-**	**-**
Allocation of the result of the previous year before dividend distribution	-	-	-	-	*148*	**148**	**(148)**	**-**
Dividend to the sole shareholder	-	-	-	-	*(148)*	**(148)**	**-**	**(148)**
Capital increase/Allocation to the share premium account (Note 8.1)	-	34 981	-	-	-	**-**	**-**	**34 981**
Reimbursement of the share premium (Note 8.1)	-	(34 981)	-	-	-	**-**	**-**	**(34 981)**
Profit for the financial year 2020	-	-	-	-	-	**-**	**199**	**199**
As at 31 December 2020	**2 000**	**-**	*200*	-	-	**200**	**199**	**2 399**
Transfer to available reserves	-	-	-	-	*199*	**199**	**(199)**	**-**
Allocation of the result of the previous year before dividend distribution	-	-	-	-	-	**-**	**-**	**-**
Dividend to the sole shareholder					*(199)*	**(199)**	**-**	**(199)**
Capital increase/Allocation to the share premium account (Note 8.1)	-	16 926	-	-	-	**-**	**-**	**16 926**
Reimbursement of the share premium (Note 8.1)	-	(16 926)	-	-	-	**-**	**-**	**(16 926)**
Profit for the financial year 2021	-	-	-	-	-	**-**	**(215)**	**(215)**
As at 31 December 2021	**2 000**	**-**	*200*	-	-	**1***	**(215)**	**1 986**

* Other reserves as at 31.12.2021 amount to KEUR 1 and relate to the retained earnings which the Company was not able to distribute as a dividend as they were indivisible by the number of shares. Due to rounding in KEUR, this KEUR 1 difference between the 2020 profit and the dividend distribution does not appear in the above table.

The accompanying Notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2021

	Notes	('000 EUR) 2021	('000 EUR) 2020
OPERATING ACTIVITIES			
Profit for the financial year		(215)	199
Net(increase)/decrease in financial assets	4.1	7 111 721	(3 866 206)
Net increase/(decrease) in financial liabilities	4.2	(7 062 711)	3 899 072
(Increase)/decrease in other assets	6	338 304	(404 583)
Increase/(decrease) in tax liabilities and other liabilities	6, 7	(344 676)	384 750
Taxes paid	7	75	75
Non cash adjustments :			
Net change in fair value and foreign exchange difference	4.1, 4.2	(33 278)	139
Change in cost of risk	5	(4)	1
NET CASH FLOWS FROM OPERATING ACTIVITIES		**9 216**	**13 446**
FINANCING ACTIVITIES			
Payment of capital surplus*	8.1	(16 926)	(34 981)
Dividend paid		(199)	(148)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**(17 125)**	**(35 129)**
Cash and cash equivalents as at January 1st	3	44 293	65 975
Net increase/(decrease) in cash and cash equivalents		(7 909)	(21 682)
Cash and cash equivalents as at December 31st		**36 384**	**44 293**
Additional information on operational cash flows from interest and dividends			
Interest paid		17 657	35 775
Interest received	9	767	917
Dividend received		-	-

** KEUR 16 926 for the year ended 31 December 2021 (and KEUR 34 981 for the year ended 31 December 2020) represent the share premium reimbursed by the Company to the shareholder (refer to Note 8.1).*

The accompanying Notes are an integral part of these financial statements.

NOTE 1 – CORPORATE INFORMATION

SG Issuer (hereafter the "Company" or "SGIS") is a Luxembourg company incorporated on 16 November 2006 as a public limited company ("Société Anonyme") for an unlimited period.

Since April 2013, the Company's corporate objects are to issue debt securities, bonds, certificates, warrants and any other debt securities or acknowledgements of debts or financial securities, whether or not accompanied by guarantees, with any type of underlying security, including, without limitation, company stock, any other capital security or security other than capital, index, currency, exchange rate, interest rate, dividend, credit risk, fund unit, investment company stock, term deposit, life assurance contract, loan, merchandise, term contract, option, Warrant or option coupons, allocated or unallocated precious metals, unit of account, basket or any other factor or any other type of underlying securities and any combination of the latter.

To that effect, the Company may purchase, hold, dispose of, lend, loan or resell, by any means, including in particular the use of trusts, in trust or repurchase, any type of assets whatever their names and forms and whether or not accompanied by guarantees, in particular financial instruments (financial securities - stocks, fund units, bonds, certificates, Warrants - or financial contracts - swaps, options or other) or any other debt securities, acknowledgements of debts or capital securities, receive or issue monetary loans (including loans convertible into shares of the Company) - within the group of companies to which the Company belongs - and to supply guarantees in any form (actual guarantees such as pledges, securities, mortgages or other - personal guarantees or any other form of guarantee) for their own account, for the account of the group of companies to which the Company belongs or on behalf of third parties.

The Company's financial year begins on 1 January and ends on 31 December each year.

The Company's capital is divided into 50 008 shares, of which 49 908 are held by SG Luxembourg and 100 are held by Société Générale.

The accounts of the Company are included in the consolidated accounts of Société Générale S.A. (hereafter "Société Générale" or the "parent Company"), which is the largest body of undertakings of which the Company forms a part as a subsidiary undertaking, and whose head-office is located at 29, boulevard Haussmann, 75009 Paris, France.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Statement of compliance

The financial statements of the Company as at and for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements as at and for the year ended 31 December 2021 were authorised for issue by the Supervisory Board on 27 April 2022.

2.1.2 Functional and presentation currency

The financial statements are prepared in Euro ("EUR"), which is the Company's functional currency and the currency of its share capital. Unless stated otherwise, the amounts in the financial statements are expressed in thousands of EUR (KEUR). The value "0" indicates the presence of a number, which is rounded to zero, while "-" represents the value nil.

2.1.3 Use of estimates and judgments

The preparation of the Company's financial statements requires Executive Board to make judgments, estimates and assumptions that affect the reported amount of figures recorded in the statement of profit and loss, on the unrealised or deferred gains and losses, on the valuation of assets and liabilities in the statement of financial position, and on information disclosed in the notes to the financial statements.

In order to make these assumptions and estimates, the Executive Board uses information available at the date of preparation of the financial statements and can exercise its judgment. By nature, valuations based on estimates include risks and uncertainties relating to their occurrence in the future. Consequently, actual future results may differ from these estimates and may then have a significant impact on the financial statements.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, Executive Board has made the following judgments and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognized in the financial statements with substantial Executive Board judgment and/or estimates are listed below with respect to judgments/estimates involved.

The use of significant estimates and judgment mainly concerns the following topics:

- Fair value in the statement of financial position of financial instruments not quoted in an active market which are classified as financial assets and liabilities at fair value through profit or loss (see Notes 4.1 and 4.2);
- The amount of impairment and provisions for credit risk related to financial assets measured at amortized cost (see Note 4.3);
- The analysis of the contractual cash flow characteristics of financial assets (see Note 2.3.3.1).

2.1.4 Segment reporting

No dedicated management reporting information is presented for SGIS to a chief decision maker; only the annual financial statements are presented to the Executive Board of SGIS in analysing the performance of the Company. The company has only one geographical area related to its revenue, which is France.

2.2 New accounting standards

2.2.1 New accounting standards applicable as at 1 January 2021

2.2.1.1 Amendments to IFRS 7, IAS 39 and IFRS 9 in the context of the Interest Rate Benchmark Reform ("IBOR reform")

Issued by the IASB on 27 August 2020 and adopted by the European Union on 14 January 2021

In the context of the interest rate reform – or IBOR reform – currently being implemented, the accounting standards applicable have been amended by the IASB. The objective of the first amendments, implemented by Société Générale Group since 31 December 2019, is to enable the continued application of hedge accounting treatments despite uncertainties regarding the timetable and specificities regarding the transition from current interest rate benchmarks to new ones; and to do so despite any possible changes to financial instruments indexed on the current interest rate benchmarks. These amendments will remain applicable until the uncertainties have been resolved. These amendments have no impact on the Company's financial statements considering it doesn't use hedge accounting.

The second phase of these amendments introduced by the IASB regards the treatment of the changes in financial instruments contracts in the framework of the IBOR reform. They have been adopted by the European Union on 14 January 2021, they were early-applied by Société Générale Group in its financial statements as at 31 December 2020 and by extension at the level of the Company.

The Company has assessed that these amendments do not have an impact on its financial statements.

2.2.1.2 Amendments to IFRS 4 – Extension of the temporary exemption from the application of IFRS 9

Amendments to IFRS 17 and IFRS 4 published by the IASB on 25 June 2020 and Regulation (EU) 2020/2097 published by the European Commission on 15 December 2020

These amendments allow financial conglomerates as defined by Directive 2002/87/EC to defer, until 1 January 2023, the application of IFRS 9 by their legal entities operating in the insurance sector.

The Company has assessed no effect from this standard as it has no insurance contracts.

2.2.1.3 Amendments to IFRS 16 "Leases" – COVID-19 related rent concessions beyond 30 June 2021

Issued by the IASB on 31 March 2021

The IASB extend by one year the period of application of the amendments related to IFRS 16 "Lease contract" related to the Covid-19 crisis and published on 28 May 2020. The amendments are to allow, as an option, tenants benefiting from rent relief in the context of the Covid-19 pandemic, not to analyze whether the concessions granted to them should be accounted for as modifications to rental contracts. This would imply spreading out the effects of the advantage granted over the term of the contract in profit or loss, they can recognize these reductions as negative variable rents (generating an immediate gain in profit or loss).

Thus, this simplification measure can be applied to rent relief relating to payments due until 30 June 2022.

In 2021, as in 2020, the Company did not benefit from any rent reduction following the Covid-19 crisis.

2.2.1.4 Decision of the IFRS Interpretations Committee ("IFRS IC") of 20 April 2021 on IAS 19

At its 20 April 2021 meeting, the IFRS IC specified the method for determining the vesting schedule for a defined benefit plan with the following characteristics: staff members are entitled to a lump-sum benefit payment when they reach a specified retirement age, provided they are employed by the entity when they reach that age, and the amount of the retirement benefit depends on the length of employee service with the entity before the retirement age and is capped at a specified number of consecutive years of service.

The IFRS IC specified that, pursuant to IAS 19, the vesting period will be the period of service immediately before the retirement age, possibly capped, and that the total number of years of service cannot be used when greater than the cap used to calculate the benefit. The consecutive decision not to place the issue on the IFRS IC agenda was validated by the IASB on 24 May 2021.

The Company has assessed no impact from this decision as it has no defined benefit plan.

2.2.1.5 Decision of the IFRS Interpretations Committee ("IFRS IC") of 27 April 2021 on IAS 38

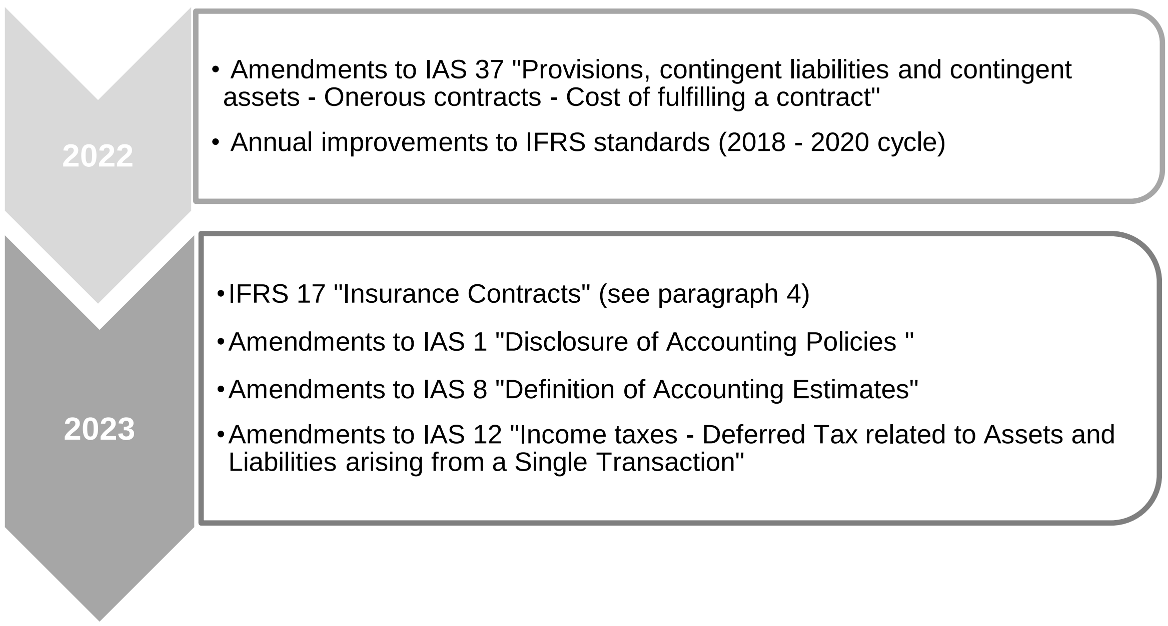
During its 27 April 2021 meeting, the IFR IC reiterated the accounting rules for a customer's costs of configuring or customizing the supplier's application in a 'Software as a Service' (SaaS) arrangement.

The Company has assessed no impact from this decision as it has no software asset.

2.2.2 Accounting standards, amendments or interpretations to be applied by the Company in the future

IASB publishes accounting standards, amendments and interpretations, some of which have not been adopted by the European Union as at 31 December 2021. They are required to be applied from annual periods beginning on 1 January 2022 at the earliest or on the date of their adoption by the European Union. They were therefore not applied by the Company as at 31 December 2021.

These standards are expected to be applied according to the following schedule:



2.2.2.1 Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" – Onerous contracts – Contract execution costs

Published by the IASB in May 2020

These amendments specify the costs to be used in determining the costs of performing a contract when analyzing onerous contracts. These amendments will be effective on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

At this stage, the Company does not expect any significant impact from these amendments.

2.2.2.2 Annual IFRS Improvements (2018 – 2020 Cycle)

Published by IASB on 14 May 2020

As part of the annual procedure for improving IFRS, the IASB published minor changes to IFRS 9 “Financial instruments”” and IFRS 16 “Leases”. The IASB also published minor changes to IFRS 1 “First time adoption of International Financial Reporting Standards” and IAS 41 “Agriculture”, which is not applicable to the Company.

The amendment on IFRS 9 “Financial instruments” clarifies which fees an entity includes when performing the “10 per cent” test to assess whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

The Company will integrate this new guidances in its accounting policy. At this stage, the Company does not expect any significant impact from these amendments.

The amendment to IFRS 16 clarifies the treatment of lease incentives related to reimbursement of leasehold improvements by the lessor. The amendment only relates to an illustrative example and as such will not result in any impact for the Company.

2.2.2.3 IFRS 17 “Insurance Contracts”

Issued by the IASB on 18 May 2017, amended on 25 June 2020.

This new standard will replace IFRS 4 “Insurance Contracts” that was issued in 2004 and which currently al-lows entities to use national requirements for the accounting of insurance contracts.

IFRS 17 provides new rules for the recognition, measurement, presentation and disclosure of insurance contracts that belong to its application scope (insurance contracts issued, reinsurance contracts held and in-vestment contracts issued with discretionary participation features). The underwriting reserves currently recognised among liabilities in the statement of financial position will be replaced by a current value measurement of insurance contracts.

The Company expects no effect from this standard as it has no insurance contracts.

2.2.2.4 Amendments to IAS 1 “Classification of liabilities as current or non current"

Issued by the IASB on 23 January 2020

On 23 January 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 1 Presentation of Financial Statements to clarify the requirements for classifying liabilities as current or non-current. More specifically:

- The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists ;
- Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant ;
- The amendments clarify the situations that are considered settlement of a liability.

On 15 July 2020, the IASB issued Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1) deferring the effective date of the January 2020 amendments to IAS 1 for annual reporting periods beginning on or after 1 January 2023.

At this stage, the Company does not expect any significant impact from these amendments.

2.2.2.5 Amendments to IAS 1 "Information to be provided on accounting methods"

Issued by the IASB on 12 February 2021

These amendments aim to help companies to improve the relevance of the information on accounting methods provided in the Notes and its usefulness for investors and users of financial statements.

At this stage, the Company does not expect any significant impact from these amendments.

2.2.2.6 Amendments to IAS 8 "Definition of an accounting estimate"

Issued by the IASB on 12 February 2021

These amendments aim to facilitate the distinction between changes in accounting policies and changes in accounting estimates.

At this stage, the Company does not expect any significant impact from these amendments.

2.2.2.7 Amendments to IAS 12 "Income tax – Deferred tax for assets and liabilities related to the same transaction"

Issued by the IASB on 7 May 2021

These amendments clarify and narrow the scope of the exemption of not recognize deferred tax during the initial recognition of an assets and a liability, offered by IAS 12. Therefore, lease contracts and decommissioning obligations for which companies record both assets and liabilities are excluded and consequently they will have to book deferred taxes.

The objective of these amendments is to reduce the heterogeneity in the recognition of deferred tax relating to leases and decommissioning obligations.

The Company does not expect any significant impact from the amendment as it did not recognize any tax impact upon IFRS 16 application.

2.3 Summary of significant accounting policies

2.3.1 Foreign currency transactions

The Company maintains its books in EUR, which is the currency of the capital.

Assets and liabilities denominated in foreign currencies are translated into EUR at the exchange rates ruling at the reporting date. Foreign exchange differences arising on translation and realized exchange gains and losses are recognised in the statement of profit and loss and other comprehensive income in the caption *"Net gains from financial instruments at fair value through profit or loss"* and *"Interest Expenses"*.

Revenues and expenses in foreign currencies are translated into EUR at the exchange rates prevailing at the date of the transactions.

The most important foreign currency positions for the Company are USD, JPY, GBP, HKD and CHF. The following foreign exchange rates were used:

	USD	JPY	GBP	HKD	CHF
31.12.2021	1.1326	130.3800	0.8403	8.8333	1.0331
31.12.2020	1.2271	126.4900	0.8990	9.5142	1.0802

2.3.2 Cash and cash equivalents

Cash and cash equivalents comprise only cash repayable on demand.

Cash and cash equivalents in the Company are subject to impairment under IFRS 9 and are presented net of impairment (cf. Note 2.3.3.3).

2.3.3 Financial instruments

2.3.3.1 Classification of financial instruments

Classification of financial assets

Financial assets are classified under IFRS 9 based on the characteristics of their contractual cash flows and on how they are managed (business models).

For the debt instruments held, SGIS has defined its business model as “hold to collect” for the Fully Funded Swaps, for Cash and cash equivalents and for Loans and receivables. These assets are acquired in order to collect the contractual cash-flows attached to the assets. No sale has been made in the past years and no sale is anticipated in the future.

The Fully Funded Swaps (hereafter “FFS”) are economically assimilated to loans with embedded derivatives (the swap embedded in the FFS). This type of financial assets comply with the IFRS definition of debt instruments (fixed maturity, coupon calculated as a rate, no right nor interest/control in an entity). As these financial assets of SGIS contain embedded derivatives that modify the cash flows of the entire contract, the contract does not pass the Solely Payments of Principles and Interest (or “SPPI”) test and consequently these financial assets are mandatorily measured at Fair Value through Profit and Loss (“FVTPL”).

Cash and cash equivalents and Loans and receivables are SPPI compliant and are thus measured at amortised cost. Cash and cash equivalents and Loans and receivables are subject to impairment under IFRS 9 and are presented net of impairment.

The Options held, covering the Warrants issued, are Trading derivatives and thus measured at FVTPL.

Purchases and sales of financial assets recorded under Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income are recognised in the statement of financial position at the delivery-settlement date. Changes in fair value between the trade and settlement dates are recorded in the income statement or booked to shareholders’ equity depending on the accounting category of the relevant financial assets. Loans and receivables are recorded in statement of financial position on the date they are paid or at the maturity date for invoiced services. The trade date is the date on which the contractual commitment becomes binding and irrevocable for the Company.

Classification of financial liabilities

Financial liabilities are classified into one of the following two categories:

- Financial liabilities at fair value through profit or loss:

These are financial liabilities held for trading purposes, which by default include derivative financial liabilities not qualifying as hedging instruments and non-derivative financial liabilities designated by the Company upon initial recognition to be carried at fair value through profit or loss in accordance with the fair value option.
The Company has designated at fair value through profit or loss the notes issued because mirror transactions (Fully Funded Swaps or “FFS”) that are used to hedge those notes are measured mandatorily at fair value through profit and loss and thus reduce the accounting mismatch;

- Financial liabilities at amortised cost:

These include the other non-derivative financial liabilities and are measured at amortized cost.

2.3.3.2 Valuation of financial instruments

Definition of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In the absence of observable prices for identical assets or liabilities, the fair value of financial instruments is determined using another measurement technique that maximises the use of observable market input based on assumptions that market operators would use to set the price of the instrument in question.

Fair value hierarchy

The fair values of financial instruments include accrued interest as applicable.

For information purposes, in the notes to the financial statements, the fair value of financial instruments is classified using a fair value hierarchy that reflects the significance of the inputs used according to the following levels:

Level 1 (L1): instruments valued on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 1 instruments carried at fair value on the statement of financial position include in particular shares listed in an active market, government or corporate bonds priced directly by external brokers/dealers, derivatives traded on organised markets (futures, options), and units of funds (including UCITS) whose net asset value is available on the statement of financial position date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and if they reflect actual and regular market transactions on an arm’s length basis.

Determining whether a market is inactive requires the use of indicators such as a sharp decline in trading volume and the level of activity in the market, a sharp disparity in prices over time and among the various above-mentioned market participants, or the fact that the latest transactions conducted on an arm’s length basis did not take place recently enough.

Where a financial instrument is traded in several markets to which the Company has immediate access, its fair value is represented by the market price at which volumes and activity levels are highest for the instrument in question.

Transactions resulting from involuntary liquidations or distressed sales are usually not taken into account to determine the market price.

Level 2 (L2): instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

These are instruments measured using a financial model based on observable market inputs. Prices published by an external source derived from the valuation of similar instruments are considered as data derived from prices.

Level 2 instruments include in particular non derivative financial instruments carried at fair value on the statement of financial position that are not directly quoted or do not have a quoted price on a sufficiently active market (e.g. corporate bonds, repos transactions, mortgage-backed securities, units of funds), and firm derivatives and options traded over-the-counter: interest rate swaps, caps, floors, swaptions, equity options, index options, foreign exchange options, commodity options and credit derivatives. The maturities of these instruments are linked to ranges of terms commonly traded in the market, and the instruments themselves can be simple or offer a more complex remuneration profile (e.g. barrier options, products with multiple underlying instruments), with said complexity remaining limited however. The valuation techniques used in this category are based on common methods shared by the main market participants.

Level 3 (L3): instruments valued using inputs that are not based on observable market data (referred to as unobservable inputs)

Level 3 instruments carried at fair value on the statement of financial position are predominantly instruments for which the sales margin is not immediately recognized in profit or loss.

Accordingly, Level 3 financial instruments include derivatives with longer maturities than those usually traded and/or with specifically-tailored return profiles. Similarly, debt measured at fair value is classified as Level 3 where the valuation of the associated embedded derivatives is also based on unobservable inputs.

The main L3 complex derivatives are:

- Equity derivatives: options with long maturities and/or incorporating bespoke remuneration mechanisms. These instruments are sensitive to market inputs (volatility, dividend rates, correlations, etc.). In the absence of market depth and an objective approach made possible by regularly observed prices, their valuation is based on proprietary methods (e.g. extrapolation from observable data, historical analysis). Hybrid equity instruments (i.e. having at least one non-equity underlying instrument) are also classified as L3 insofar as correlations between the different underlyings are generally unobservable;
- Interest rate derivatives: long-term and/or exotic options, products sensitive to correlation between different interest rates, different exchange rates, or between interest rates and exchange rates, for example for quanto products (in which the instrument is settled in a currency different from the currency of the underlying); they are liable to be classified as L3 because the valuation inputs are unobservable due to the liquidity of the correlated pair and the residual maturity of the transactions (e.g. exchange rate correlations are deemed unobservable for the USD/JPY);
- Credit derivatives: L3 credit derivatives mainly include baskets of instruments exposed to time to default correlation (“N to default” products in which the buyer of the hedge is compensated as of the Nth default, which are exposed to the credit quality of the issuers comprising the basket and to their correlation, or CDO Bespoke products, which are Collateralised Debt Obligations created specifically for a group of investors and structured according to their needs), as well as products subject to credit spread volatility;
- Commodity derivatives: this category includes products involving unobservable volatility or correlation inputs (i.e. options on commodity swaps or instruments based on baskets of underlyings).

At the level of SG Group, valuation models are determined in order to fully embed the impact of IFRS 13 as described above and use appropriate parameters and methodologies in order to determine L3 instruments valuation. Counterparty credit risk estimates relies on Credit Value Adjustments (CVA) and Debit Value Adjustments (DVA) calculations.

Different calculation methods can exist regarding the CVA-DVA / OCA (Own Credit Adjustment) impact calculation: derived from the yield discounting methodology, other from the Monte-Carlo EPE/ENE (Expected Positive / Negative Exposure). The methodology for calculation of CVA-DVA (OCA not applicable to the Company) applied to SGIS (the same as the SG Group) is the yield discounting methodology.

The valuation methods used by the Company to establish the fair value of financial instruments are detailed below.

Notes to the financial statements
As at 31 December 2021

The fair values of financial instruments include accrued interest as applicable.

- For Unsecured Notes and Fully Funded Swaps

The fair value for both the unsecured Notes (liabilities) and the Fully Funded Swap (FFS) (assets) is calculated by discounting the expected future cash flows with the risk free curve. To take the credit adjustment into account, the risk free curve is adjusted with Société Générale Group's credit spread curve. A dedicated process has been implemented using Société Générale Group and SGIS operational teams' input. This process is fully functional, constantly monitored as of today.

- For Secured and Repack Notes

Secured Notes are Notes which are collateralized with assets deposited on segregated or pooled accounts with external custodian (The Bank of New York Mellon S.A., Luxembourg Branch, hereafter "BNY Mellon Luxembourg") and pledged in favor of the Note holders.

Repack Notes are Notes which allow investors to calibrate the funding yield of their structure by selecting a bond (the "Reference Bond") issued by a third-party issuer (the "Reference Bond Issuer").

The collateral assets are composed of eligible securities.

Should Société Générale defaults, the pledge on the assets is to be enforced; the Notes holders are exposed to credit risk of the collateral (external securities). Therefore, as Société Générale and SGIS are mere risk pass-through, the credit risk premium (external bonds issuers) shall not be adjusted with Société Générale credit spread. Thus, no additional credit adjustment is needed for the secured Notes.

The fair value of the Secured Notes and the Repack Notes and the associated FFS is computed, for each accounting period, by discounting the expected future cash flows by a composite Repo rate curve.

- For Warrants and Options

For financial instruments recognised at fair value in the statement of financial position, fair value is determined primarily on the basis of the prices quoted in an active market. These prices can be adjusted if none are available on the statement of financial position date or if the clearing value does not reflect transaction prices.

However, due especially to the varied characteristics of financial instruments traded over-the-counter on the financial markets, a large number of financial products traded by the Company does not have quoted prices in the markets.

The base models may not fully capture all factors relevant to the valuation of SGIS on these financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, SGIS applies various techniques (from the Group) to estimate the credit risk associated with its financial instruments measured at fair value.

The reevaluation differences attributable to the Company's credit risk are thus determined using valuation models which take into account the most recent financing terms and conditions on the markets along with the residual maturity of the related liabilities.

- For secured notes issued by the Company, as investors are not exposed to the Company's risk, no own credit risk should impact the fair value of the instruments and as such, no adjustment has to be calculated.
- For unsecured notes, investors are not contractually exposed to the Company's credit risk but to Société Générale Group's own credit risk.

SGIS valuation models therefore reflects the absence of credit risk, and structured bonds are not impacted by Own Credit Adjustments within the entity.

Deferred margin related to main unobservable inputs

The Company does not apply deferred margin related to its main unobservable inputs as margin on Notes and Warrants issued are offset by a similar margin on Fully Funded Swaps and Options purchased.

2.3.3.3 Impairments and provisions

Some financial assets involve credit risk which exposes the Company to a potential loss if the counterparties were to be unable to respect their financial commitments. The Company is remunerated for bearing this risk by a portion of the contractual interest that it receives on those assets; this is known as the credit margin.

This potential loss, or expected credit loss, is recognised in profit or loss without waiting for the occurrence of a default event on a specific counterparty.

For loans and receivables measured at amortised cost or fair value through other comprehensive income, the expected credit loss, as assessed by the Company, is recognised in profit or loss. On the statement of financial position, this potential loss is recognised as an impairment that reduces the carrying amount of assets measured at amortised cost. Impairments are written-back in case of a subsequent decrease of credit risk. No impairment is recognised on cash and cash equivalents. The Company does not have loan commitments or financial guarantees contracts.

Impairment and provisions for credit risk

To determine the amount of impairment or loss allowances to be recorded at each reporting date, these exposures are classified into one of three categories based on the increase in credit risk observed since initial recognition. An impairment or loss allowance shall be recognised for the exposures in each category as follows:

- Exposures classified in Stage 1: At the initial recognition date, the exposures are systematically classified in Stage 1, unless they are underperforming/credit-impaired on acquisition. Stage 1 exposures are impaired for the amount of credit losses that the Company expects to incur within 12 months (12-month expected credit losses), based on past data and the current situation;
- Exposures classified in Stage 2: To identify Stage 2 exposures, the significant increase in credit risk is assessed by the Company, taking into account the counterparty's credit risk rating, the magnitude of the change in the counterparty's credit rating and the existence of payments of more than 30 days;
- Exposures classified in Stage 3 (doubtful outstandings): The Company determines whether or not there is objective evidence of impairment (default event).

Stage 2 and 3 exposures are impaired for the amount of credit losses that the Company expects to incur over the life of the exposures (lifetime expected credit losses), taking into consideration past data, the present situation and reasonable forecast changes in economic conditions, and relevant macroeconomic factors through to maturity.

Impairments / Reversal of impairments

Impairments / Reversal of impairments includes net reversals of impairment and loss allowances for credit risk, losses on irrecoverable loans and amounts recovered on amortised receivables.

2.3.3.4 Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented on the statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in all circumstances, in both the normal course of business and in the event of default of one of the counterparties.

The financial instruments issued by the Company are subscribed by the investors through Société Générale as a lead manager during the issuance period and as a market maker for a secondary market. The instruments which are unsold are held by SG.

The treatment is applied based on IAS 32 paragraph 42: "A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- Currently has a legally enforceable right to set off the recognized amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously."

In December 2014, a cash netting clause was added in the legal framework with Société Générale Personne Morale and the Company consequently acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (the Fully Funded Swaps) and the liabilities (the Notes) are settled (and intended to be settled) simultaneously.

In June 2017, the Company added a new cash netting clause in the legal framework with Société Générale Personne Morale and the Company consequently acquired a legally enforceable right to offset the recognized amount with the same counterparty (Société Générale). The assets (OTC Options) and the liabilities (the Warrants) are settled (and intended to be settled) simultaneously.

In application of IAS 32 - Offsetting a financial asset and a financial liability, the Company proceeds to the accounting netting of the non-sold amounts. The impact of the off-setting for the non-sold Notes and the corresponding Fully Funded Swaps and impact of the off-setting for the non-sold Warrants and the corresponding options are described in Note 4.1 and Note 4.2.

2.3.4 Other assets and other liabilities

Settlement accounts for trades are included in other assets or other liabilities and are presented separately in distinctive captions on assets or liabilities side (cf. Note 6).

2.3.5 Shareholders' equity

Equity are the resources contributed to the Company by external shareholders as capital, as well as the cumulative and undistributed results (retained earnings).

The statement "Changes in Shareholders' Equity" presents the various changes that affect the components of equity over the reporting period.

2.3.6 Interest income and expense

Interest is recognized as expense or income over the life of the financing service granted or received, proportionally to the principal amount outstanding.

Interest income and expense are recorded in the statement of profit and loss under Interest and similar income and Interest and similar expense for all financial instruments measured using the effective interest method (instruments at amortised cost and debt instruments at fair value through other comprehensive income).

The effective interest rate is taken to be the rate used to net discount future cash inflows and outflows over the expected life of the instrument in order to establish the net book value of the financial asset or liability. The calculation of this rate considers the future cash flows estimated on the basis of the contractual provisions of the financial instrument without taking account of possible future credit losses and also includes commissions paid or received between the parties where these may be assimilated to interest, directly linked transaction costs, and all types of premiums and discounts.

Where a financial asset is classified in Stage 3 for impairment, subsequent interest income is measured at the effective interest rate applied to the net carrying amount of the financial asset with an offsetting entry equal to the outstanding financial asset before impairment.

2.3.7 Fee income and expense

Fee income and Fee expense combine fees on services rendered and received, as well as fees on pledge security granted that cannot be assimilated to interest. Fees that can be assimilated to interest are integrated into the effective interest rate on the associated financial instrument and are recorded under Interest income and Interest expenses.

The Company recognizes fee income or expense for an amount equivalent to the remuneration for the service provided and depending on the progress transferring control of these services:

- Fees for ongoing services, such as custody fees and administration costs are recognized as income over the life of the service;
- Fees for one-off services, such as issuance and listing fees are recognized as income when the service is provided.

The possible mismatch between the payment date of the service provided and the date of execution of the service gives assets and liabilities depending on the type of contract and mismatch which are recognized under Other Assets and Other Liabilities. For exemple : supplier contracts generate trade payables, accrued expenses or prepaid expenses.

Income related to the issuance of Notes and Warrants falls under the scope of IFRS 15 and as such, is considered separately as income generated by 2 services when the Company performs its activities:

- The issuing fee recognized upfront for the initiation and the structuration of the issuance;
- Account and security servicing during the lifecycle of the security.

2.3.8 Other operating expenses

The Company records operating expenses according to the type of services to which they refer.

Other operating expenses mainly include lease payments, building maintenance and other costs, travel and business expenses, outsourcing and advisory fees and marketing and advertising expenses. Detail is provided in Note 12.

2.3.9 Income tax

Income tax includes current taxes and deferred taxes:

- Current taxes correspond to the amount of taxes due (or refundable) as calculated according to the taxable profit base for the reporting period;
- Deferred taxes correspond to the amount of taxes resulting from past transactions and that will be payable (or refundable) in a future reporting period.

2.3.9.1 Current tax

Current tax is based on the taxable profit and determined in accordance with the rules established by the local taxation authorities, upon which income taxes are payable. This tax expense also includes net allowances for tax adjustments pertaining to income tax.

Tax credits arising in respect of interest from loans and income from securities are recorded in the relevant interest account as they are applied in settlement of income taxes for the year. The related tax charge is included under Income tax in the statement of profit and loss.

2.3.9.2 Deferred tax

Deferred taxes are recognized whenever the Company identifies a temporary difference between the accounting base and tax base for assets and liabilities that will affect future tax payments or from tax loss carried forward.

The amount is based on the tax rate enacted or substantively enacted which is expected to apply when the asset is realized or the liability settled. These deferred taxes are adjusted in the event of changes to tax rates. This amount is not discounted to present value. The Company off-sets its deferred tax assets against liabilities as there is both legal right to offset its current tax assets and liabilities and it is the Company's intention to settle on a net basis.

2.3.10 Other commitments linked to secured notes

In relation to each Serie of Secured Notes, in order to secure its obligations in respect of such Notes, the Company enters into a pledge agreement which will be governed by the Luxembourg act dated 5 August 2005 on financial collateral arrangements, as amended. Under each Pledge Agreement, the Company will grant first ranking security over the Collateral Assets contained in one or more accounts held by the Company with BNY Mellon Luxembourg (or such other custodian or account bank as is specified in the applicable Final Terms, pursuant to the terms of a custodian agreement between, inter alia, the Company and the collateral custodian). The security granted under each Pledge Agreement will be granted either in favour of:

- In the case of English Law Notes, The Bank of New York Mellon Corporate Trustee Services Limited or such other security trustee as is specified in the applicable Final Terms as security trustee on behalf of itself and the relevant Noteholders and the other relevant Secured Parties (as defined in the Additional Terms and Conditions for Secured Notes) or;
- In the case of French Law Notes, directly in favour of the relevant Noteholders and the other relevant Secured Parties as represented by The Bank of New York Mellon Corporate Trustee Services Limited or such other security agent as is specified in the applicable Final Terms as security agent.

Following the occurrence of a Secured Note Acceleration Event (as defined in the Additional Terms and Conditions for Secured Notes), all Noteholders whose Notes have become immediately due and payable will first be entitled to claim for any outstanding amounts due to them under the terms of the Guarantee. If neither the Issuer nor the Guarantor (pursuant to the terms of the Guarantee) has paid all amounts due to Noteholders within a period of 3 Business Days following the occurrence of a Secured Note Acceleration Event, Noteholders may send a notice in writing to the Security Trustee (in the case of English Law Notes) or the Security Agent (in the case of French Law Notes) requesting that the relevant Pledge Agreement be enforced in accordance with the terms of the Base Prospectus.

The Company borrows the securities to be pledged from Société Générale Group. In accordance with IFRS 9, the borrowing of the securities to be pledged by the Company is not assimilated to the transfer of assets and thus does not result in recognition in the statement of financial position. The risks and rewards associated to the securities remain in Société Générale Group and as such are not presented in the Company's statement of financial position.

The pledged securities are accounted as an off balance-sheet commitment "Securities pledged". The committed amount is re-measured at each closing to reflect the value of the securities pledged.

2.5 Brexit

The United Kingdom organised on 23 June 2016 a referendum at which a majority of British people voted to leave the European Union (Brexit).

After having been postponed several times, the United Kingdom withdrawal agreement entered into force on 31 January 2020 with transition period which ended on 31 December 2020. The law of Europe-an union has also ceased to apply to the United Kingdom since 1 January 2021.

Despite the unfavourable health and political context, the negotiations conducted between the Unit Kingdom and the European Union resulted on 24 December 2020 in a Trade and cooperation agreement excluding financial services. To date, the European Commission has granted British clearing houses temporary equivalence status until 30 June 2022.

The impacts on the Company's operations have been analysed, and they mainly relate to transactions in GBP, as a result the Company had very limited impacts due to Brexit. The Company continues to follow the ongoing negotiations and has taken into account the short-/mid-/long-term consequences of the Brexit in the assumptions and estimates selected to prepare the financial statements.

2.6 Covid-19 crisis

Two years after the outbreak of the Covid-19 pandemic, the year 2021 was marked by an economic upturn in several major economies, in particular as a result of the deployment of vaccines.

However, these dynamics are affected by persistent frictions in the global supply chains and labour markets, and by longer delivery times in the manufacturing sector and a reduced capacity of supply in the service sector, which have led to rising costs. Uncertainties remain regarding new developments in the sanitary crisis (emergence of the Omicron variant and slow deployment of vaccines in some countries).

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to KEUR 36 384 as at 31 December 2021 (31 December 2020: KEUR 44 293) and are mainly composed of cash held with Société Générale Luxembourg and Société Générale.

As of 31 December 2021 and 2020, this caption only contained cash that was repayable on demand.

NOTE 4 – FINANCIAL INSTRUMENTS

4.1 Financial assets measured at fair value through profit or loss

	31.12.2021 ('000 EUR)	31.12.2020 ('000 EUR)
Financial assets at fair value through profit or loss		
- Mandatorily at fair value through profit or loss (Fully Funded Swaps)	40 322 401	43 135 651
- Trading derivatives (Options)	714 838	674 352
Total	**41 037 239**	**43 810 003**

As at 31 December 2021, financial assets mandatorily at fair value through profit or loss (Fully Funded Swaps) amount to KEUR 40 322 401 (31 December 2020: KEUR 43 135 651) and replicate all the Notes issued by the Company (see Note 4.2). Differences between the fair value of Fully Funded Swaps and Notes arise due to late settlements.

As at 31 December 2021, Trading derivatives (Options) amount to KEUR 714 838 (31 December 2020: KEUR 674 352) and replicate all the Warrants issued by the Company (see Note 4.2). Differences between the fair value of Options and Warrants arise due to late settlements.

As at 31 December 2021, the impact of the offsetting of financial assets and financial liabilities (decrease in the balance sheet) is KEUR 34 911 227 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2020: KEUR 43 040 180) and KEUR 4 573 937 for the non-sold Warrants and the corresponding Options (31 December 2020: KEUR 9 324 545) (see Note 4.2).

The movements in financial assets at fair value through profit or loss were as follows:

	('000 EUR) Mandatorily at fair value through profit or loss	('000 EUR) Trading derivatives	('000 EUR) Total
As at 1 January 2021	**43 135 651**	**674 352**	**43 810 003**
Acquisition	58 001 584	37 797 100	97 798 684
Maturity/Disposal/Liquidation/Cancellation	(61 564 451)	(43 346 069)	(104 910 520)
Change in fair value and foreign exchange difference	(7 379 336)	(1 161 153)	(8 540 489)
Offsetting of Assets and Liabilities (Change)	8 128 953	4 750 608	12 879 561
As at 31 December 2021	**40 322 401**	**714 838**	**41 037 239**

	('000 EUR) Mandatorily at fair value through profit or loss	('000 EUR) Trading derivatives	('000 EUR) Total
As at 1 January 2020	**52 893 265**	**5 786 274**	**58 679 539**
Acquisition	24 577 807	43 734 538	68 312 345
Maturity/Disposal/Liquidation/Cancellation	(15 955 857)	(48 488 524)	(64 444 381)
Change in fair value and foreign exchange difference	(5 377 903)	2 274 582	(3 103 321)
Offsetting of Assets and Liabilities (Change)	(13 001 661)	(2 632 518)	(15 634 179)
As at 31 December 2020	**43 135 651**	**674 352**	**43 810 003**

4.2 Financial liabilities measured at fair value through profit or loss

	31.12.2021 ('000 EUR)	31.12.2020 ('000 EUR)
Financial liabilities at fair value through profit or loss		
- Designated at fair value through profit or loss (Notes)	40 323 850	43 146 652
- Trading derivatives (Warrants)	714 854	676 965
Total	**41 038 704**	**43 823 617**

As at 31 December 2021, the Company has issued secured and unsecured Notes for a total amount of KEUR 40 323 850 (31 December 2020: KEUR 43 146 652):

- 21 230 unsecured Notes were issued (stock) for a total amount of KEUR 33 959 581 (31 December 2020: 25 095 unsecured Notes were issued (stock) for a total amount of KEUR 37 165 082);
- 592 secured Notes were issued (stock) for a total amount of KEUR 6 364 269 (31 December 2020: 613 secured Notes were issued (stock) for a total amount of KEUR 5 981 570).

In addition to the guarantee on first demand granted by Société Générale on unsecured and secured Notes, subscribers of the secured Notes issued by the Company benefit from additional collateral assets securing the payment due under the Notes terms, structured in form of a pledge governed by Luxembourg Law. This pledge may only be enforced following a default of the Company or Société Générale in its role of Guarantor.

Pledged collateral assets are deposited on an account held in the name of the Company with an authorised custodian not belonging to the Société Générale Group and are pledged in favour of the Notes holders.

As at 31 December 2021, securities deposited at BNY Mellon Luxembourg as collateral for secured issuances amount to KEUR 4 836 039 (31 December 2020: KEUR 3 924 732).
As at 31 December 2021, the Company also issued Warrants for a total amount of KEUR 714 854 (31 December 2020: KEUR 676 965). Refer to Note 14 for further details on Off-balance sheet items related to the Warrants activity.

As at 31 December 2021, the impact of the offsetting (decrease in the balance sheet) is KEUR 34 911 227 for the non-sold Notes and the corresponding Fully Funded Swaps (31 December 2020: KEUR 43 040 180) and KEUR 4 573 937 for the non-sold Warrants and the corresponding Options (31 December 2020: KEUR 9 324 545) (see Note 4.1).

The movements in financial liabilities at fair value through profit or loss were as follows:

	('000 EUR) Designated at fair value through profit or loss	('000 EUR) Trading derivatives	('000 EUR) Total
As at 1 January 2021	**43 146 652**	**676 965**	**43 823 617**
Acquisition	58 009 740	38 802 115	97 811 855
Cancelled/Liquidation/Maturity Disposal	(61 547 326)	(43 355 236)	(104 902 562)
Change in fair value and foreign exchange difference	(7 414 169)	(1 159 598)	(8 573 767)
Offsetting of Assets and Liabilities (Change)	8 128 953	4 750 608	12 879 561
As at 31 December 2021	**40 323 850**	**714 854**	**41 038 704**

	('000 EUR) Designated at fair value through profit or loss	('000 EUR) Trading derivatives	('000 EUR) Total
As at 1 January 2020	**52 889 867**	**5 788 693**	**58 678 560**
Acquisition	24 671 673	43 256 910	67 928 583
Cancelled/Liquidation/Maturity Disposal	(16 034 970)	(48 011 195)	(64 046 165)
Change in fair value and foreign exchange difference	(5 378 257)	2 275 075	(3 103 182)
Offsetting of Assets and Liabilities (Change)	(13 001 661)	(2 632 518)	(15 634 179)
As at 31 December 2020	**43 146 652**	**676 965**	**43 823 617**

4.3 Financial liabilities measured at amortised cost

As at 31 December 2021 and 2020, financial liabilities at amortised cost are mainly composed of a convertible bond of KEUR 48 000, issued by the Company and fully subscribed by Société Générale Luxembourg, with maturity in 2022. Conversion may occur each year.

On this convertible bond, the Company pays to Société Générale Luxembourg both variable interests calculated on Euribor 3M plus a margin of 2.05% (total rate of 1.478% as at 31 December 2021) and activity related interests. Activity related interests means an amount equal to 100% of the activity related profit generated by the Company.

The convertible bond maturity shall be automatically extended by successive periods of one year, unless either the Issuer or the Holder has exercised its right to terminate the bond on the scheduled maturity date. The conversion option belongs to the Holder.

As at 31 December 2021, the Company also has amounts due to banks related to the Company's overdrafts current accounts for KEUR 152 (31 December 2020: KEUR 406).

NOTE 5 – LOANS AND RECEIVABLES

As at 31 December 2021 and 2020, loans and receivables only consist in deposits with Société Générale Luxembourg, which represent the reinvestment of the Company's share capital, reserves and other available funds.

As at 31 December 2020, expected credit losses calculated on loans and receivables in accordance with IFRS 9 amounted to KEUR (5). As at 31 December 2021, the diminution of the expected credit losses resulted in a reversal of the IFRS9 impairment amounting to KEUR 4, as presented in the Caption reversal of Cost of Risk in the Statements of Profit and Loss.

NOTE 6 – OTHER ASSETS AND OTHER LIABILITIES

As at 31 December 2021 and 2020, other assets and other liabilities are composed of settlement accounts, as presented below:

	('000 EUR) 31.12.2021	('000 EUR) 31.12.2020
Settlement accounts on securities transactions	234 782	788 415
Miscellaneous receivables	262 485	47 156
Total other assets	**497 267**	**835 571**

	('000 EUR) 31.12.2021	('000 EUR) 31.12.2020
Settlement accounts on securities transactions	212 151	774 392
Deferred income	4 904	7 198
Miscellaneous payables	286 754	66 746
Total other liabilities	**503 809**	**848 336**

Miscellaneous payables and receivables mainly consist of premium payables on Warrants and receivables on financial instruments replicating the Warrants issued.

NOTE 7 – TAXATION

The Company is liable for all taxes applicable to Luxembourg commercial companies.

Since 2007, the Company has been part of a tax integration group led by SG Luxembourg, as authorised by the article 164 bis LIR and has concluded a Tax Sharing Agreement (the "Agreement") with SG Luxembourg. Under the Agreement, the Company pays to SG Luxembourg, with respect to each financial year, an amount equal to the tax which would be levied on the profits of the Company in the absence of any tax consolidation with the Parent.

The rate of current tax applied as of 31 December 2021 is 24.94 % (31 December 2020: 24.94%). The current tax rate includes the corporate tax and the municipal tax.

For the year ended 31 December 2021, tax expenses are nil (31 December 2020: KEUR 75).

NOTE 8 – SHAREHOLDERS' EQUITY

8.1 Share capital and share premium

As at 31 December 2020, the subscribed and fully paid share capital, 100% held by SG Luxembourg, was EUR 2 000 280, divided into 50 007 shares with nominal value of EUR 40 each.

By resolution adopted on 15 January 2021, the Executive Board decided to increase the authorized capital of the Company from EUR 2 000 280 to EUR 2 000 320 by the issue of a new share with a nominal value of EUR 40, subscribed by the sole shareholder. In the context of the capital increase, the 2020 activity related interests amounting to EUR 16 925 951 have been allocated to the Share Premium. This Share premium has been paid to Société Générale Luxembourg and Société Générale in June 2021.

The Company manages its capital to ensure it will be able to continue as a going concern. The capital amount may be increased, subject to the approval of the Shareholders, if the Company's activity evolves, incurring specific additional risks.

8.2 Reserves

8.2.1 Legal reserve

In accordance with the Luxembourg law, the Company is required to allocate a minimum of 5% of its annual net profit to a Legal reserve until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

As at 31 December 2021 and 2020, the legal reserve amounts to KEUR 200.

8.2.2 Other reserves

Since 2013, the Company is fiscally integrated in its parent company Société Générale Luxembourg. Société Générale Luxembourg constitutes the Net Wealth Tax reserve for the Company. As a consequence, no additional Net Wealth Tax reserve has been constituted by the Company since 2013.

As at 31 December 2021 the amount of other reserves is 1 KEUR (31 December 2020 : nil).

NOTE 9 – INTEREST INCOME AND EXPENSES

	(‘000 EUR) 31.12.2021	**(‘000 EUR) 31.12.2020**
Interest income on cash and cash equivalents	1	21
Interest income on loans and receivables	761	896
Total interest income	**762**	**917**
Interest expenses on financial liabilities at amortised cost (note 4.3)	(28 975)	(17 720)
Interest expenses on financial liabiltiites at fair value	(592)	(691)
Total interest expenses	**(29 567)**	**(18 409)**
Net interest margin	**(28 805)**	**(17 492)**

NOTE 10 – COMMISSION INCOME

Commission income can be broken down as follows:

	(‘000 EUR) 31.12.2021	**(‘000 EUR) 31.12.2020**
Issuing upfront fees on Notes	34 814	37 407
Servicing fees on Notes	8 437	7 009
Commission on Warrants	1 923	4 332
Commission income	**45 174**	**48 748**

As at 31 December 2021, KEUR 4 904 are retained as deferred income under the caption “other liabilities” (2020 : KEUR 7 198) (cf. Note 6).

NOTE 11 – PERSONNEL EXPENSES

	('000 EUR) 31.12.2021	('000 EUR) 31.12.2020
Wages and salaries	(270)	(212)
Social charges and associated costs	(32)	(44)
Pension related costs	(50)	(17)
Total	**(352)**	**(273)**

The Company had 3 full-time equivalent during the year ended 31 December 2021 (2020: 3).

The annual cost of pension is calculated and invoiced by Société Générale Luxembourg, based on SG Luxembourg's group total cost of pensions and according to the number of the Company's full time equivalent employees.

NOTE 12 – OTHER OPERATING EXPENSES

	('000 EUR) 31.12.2021	('000 EUR) 31.12.2020
Issuance fees	(12 840)	(26 146)
Other operating charges	(3 155)	(4 423)
Total	**(15 995)**	**(30 569)**

Issues fees mainly consist of listing fees, collateral monitoring agent fees, maintenance of registers fees and trading fees.

Other operating charges are mainly composed of operating costs related to the Company (including audit fees) as well as activities outsourced to Société Générale S.A. and Société Générale Luxembourg.

Remuneration of the Réviseur d'entreprises agréé

The fees paid by the Company to its Réviseur d'entreprises agréé were as follows:

	('000 EUR) 31.12.2021	('000 EUR) 31.12.2020
Statutory audit of the financial statements	200	245
Other assurance services	40	40
Total	**240**	**285**

NOTE 13 – OFF-BALANCE SHEET

As at 31 December 2021, financial instruments to be issued (engagement taken before 31 December 2021 with value date after 31 December 2021) amount to KEUR 3 302 045 (31 December 2020: KEUR 2 498 866).

All the Warrants issued are fully hedged by concluding identically equipped OTC options with Société Générale.

Notes to the financial statements

As at 31 December 2021

Warrants issuance summary

The Warrants issued as at 31 December 2021 and 2020 break down as follows:

				31 December 2021			31 December 2020		
Warrant Type	**Category of Underlying**	**Type of Underlying**	**Option Type**	**Quantity**	**Notional ('000 EUR)**	**Fair Value ('000 EUR)**	**Quantity**	**Notional ('000 EUR)**	**Fair Value ('000 EUR)**
Basket warrant	Basket	Index	Call	1	12 361	14 230	1	11 409	12 299
Commodity Future Warrant	Future	Mutual Fund	Put	-	-	-	10	37 801	142
Commodity Future Warrant	Future	Commodity Future	Call	4	10 118	15	6	13 251	3
Commodity Future Warrant	Future	Commodity Future	Put	12	19 243	6 755	12	19 777	10 734
Commodity Warrant	Commodity	Bruts	Call	6	472 930	0	6	436 509	0
Commodity Warrant	Commodity	Index	Call	-	-	-	1	500	309
Commodity Warrant	Commodity	Mutual Fund	Call	11	19 085	2	17	25 860	0
Commodity Warrant	Commodity	Mutual Fund	Put	15	27 211	0	58	96 407	111
Commodity Warrant	Commodity	Precious metals	Call	-	-	-	4	9 333	0
Commodity Warrant	Commodity	Precious metals	Put	10	24 817	0	10	22 906	0
Commodity Warrant	Commodity	Future Contract	Call	-	-	-	1	124 275	3 572
Currency Warrant	Currency	Currency	Call	42	0	0	60	18 978	45
Currency Warrant	Currency	Currency	Put	48	117 867	0	85	270 190	0
Equity Warrant	Equity	American Depositary Receipt	Call	3	27 636	51	4	21 681	330
Equity Warrant	Equity	American Depositary Receipt	Put	-	-	-	1	417	2
Equity Warrant	Equity	Mutual Fund	Call	4	119 231	25	2	77 778	3
Equity Warrant	Equity	Ordinary Share	Call	1 247	20 296 419	147 944	1 534	21 602 883	209 139
Equity Warrant	Equity	Ordinary Share	Put	411	4 902 718	27 245	814	6 622 179	(11 836)
Equity Warrant	Equity	Own Share	Call	4	22 850	322	12	36 680	161
Equity Warrant	Equity	Own Share	Put	1	750	0	5	3 719	129
Equity Warrant	Equity	Preference	Call	-	-	-	6	12 621	137
Equity Warrant	Equity	Preference	Put	1	1 500	0	4	6 453	0

Notes to the financial statements

As at 31 December 2021

Warrant Type	Category of Underlying	Type of Underlying	Option Type	31 December 2021 Quantity	31 December 2021 Notional ('000 EUR)	31 December 2021 Fair Value ('000 EUR)	31 December 2020 Quantity	31 December 2020 Notional ('000 EUR)	31 December 2020 Fair Value ('000 EUR)
Real Estate Investment Trust	REIT	REIT	Call	5	124 066	48	10	94 519	82
			Put	2	1 309	9	2	1 233	42
Index Warrant	Index	Index	Call	301	11 226 503	458 857	802	29 010 394	481 932
			Put	200	11 032 836	44 857	384	7 525 299	(59 540)
Fund Warrant	Fund	Mutual Fund	Call	121	492 810	11 653	175	1 115 036	26 814
			Put	-	-	-	-	-	-
		Fund	Call	1	10 000	2 841	1	10 000	2 355
Total Call				**1 750**	**32 834 009**	**635 988**	**2 642**	**52 621 707**	**737 182**
Total Put				**700**	**16 128 251**	**78 866**	**1 385**	**14 606 381**	**(60 217)**
Total Warrants				**2 450**	**48 962 260**	**714 854**	**4 027**	**67 228 088**	**676 965**

NOTE 14 – RISK MANAGEMENT

The Company and several of its service providers are subsidiaries of the Société Générale Group and therefore benefit from Société Générale's internal control systems.

For any further information on the risks relating to the Group, investors and/or Noteholders should refer to the "Risk and Capital Adequacy" section of the Registration Document (https://www.societegenerale.com).

14.1 Market risk

Market risk is the risk that changes in market prices, such as interest rates, securities prices, and foreign exchange rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The Company issues Notes and Warrants. The Notes are systematically hedged with FFS concluded with Société Générale, with strictly identical characteristics. In the same way, the Warrants issued are hedged with Options concluded with Société Générale, with strictly identical characteristics.

The risks associated with the investment in the Notes and Warrants depend on several factors. Such factors vary depending on the characteristics of the Notes and Warrants issued, in particular depending on the underlying, the maturity of the Notes, the Secured / Unsecured status of the Notes, the interest rates incurred, the volatility of the underlying, etc.

The main risks in relation to investments in Notes and Warrants issued by the Company are described in the Base Prospectus under the section "Risk Factor".

Because of its structure (perfect match between the assets and the liabilities), the impact of an immediate change of a market parameter would have no consequence on the net profit of the Company.

The Company is also exposed to structural interest rate risk, namely through the following transactions: reinvestment of available equity by participating interests or loans to the Company's treasury (SG Luxembourg) with hedged interest rate risk. The structural interest rate risk is monitored via the sensitivity of the economic value of the positions measured through modified duration.

Modified duration is calculated based on the change in the net present value of positions subsequent to a 1% change in the rate curve. Exposure monitoring is based on the determination of modified duration over the short (up to one year), medium (one to five years) and long (more than five years) term.

14.2 Credit risk

Credit risk is the risk that a third party will not be able to meet its contractual obligation.

The Company only contracts financial instruments with SG Luxembourg and Société Générale. Therefore, the credit risk of the Company is limited to the credit risk on SG Luxembourg and Société Générale. Should this situation evolve, specific limits would be proposed to limit the credit risk incurred.

As at 31 December 2021 and 2020, no financial assets were past due nor impaired.

All the Notes and Warrants issued by the Company benefit from a guarantee provided by Société Générale, meaning that payments in respect of the instruments issued by the Company are unconditionally and irrevocably guaranteed by Société Générale (the Guarantor).

As at 31 December 2021, the rating of Société Générale is A from Standard & Poor's and A1 from Moody's.

14.3 Interest rate risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the value of the assets and liabilities of the Company. Due to the financial instruments contracted by the Company with Société Générale to hedge the financial instruments issued, the Company is not significantly exposed to interest rate risk.

14.4 Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet the payment obligations associated with its financial liabilities when they fall due.

The Company does not face any material liquidity risk thanks to the perfect replication between the contractual obligations of:

- The financial instruments issued by the Company; and
- The financial assets replicating the financial instruments issued by the Company.

Analysis per remaining contractual maturities

As at 31 December 2021, analysis per remaining contractual maturities is as follows:

31.12.2021 - EUR' 000	**< 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**> 5 years**	**Without fixed maturity**	**Total**
Cash and cash equivalents	36 384	-	-	-	-	36 834
Financial assets at fair value through profit or loss						
- *Mandatorily at fair value through profit or loss*	4 962 258	5 330 466	14 553 618	15 476 059	-	40 322 401
- *Trading derivatives*	446 656	137 616	129 885	681	-	714 838
Loans and receivables	48 021	200	800	1 000	-	50 021
Other assets	497 267	-	-	-	-	497 267
Total assets	**5 990 586**	**5 468 282**	**14 684 303**	**15 477 740**	**-**	**41 620 911**
Financial liabilities at amortised cost	48 152	28 260	-	-	-	76 412
Financial liabilities at fair value through profit or loss						
- *Designated at fair value through profit or loss*	4 960 778	5 330 013	14 557 368	15 475 691	-	40 323 850
- *Trading derivatives*	446 143	137 603	130 427	681	-	714 854
Other liabilities	503 809	-	-	-	-	503 809
Tax liabilities	-	-	-	-	-	-
Total liabilities	**5 958 882**	**5 495 876**	**14 687 795**	**15 476 372**	**-**	**41 618 925**

As at 31 December 2020 analysis per remaining contractual maturities is as follows:

31.12.2020 - EUR' 000	**< 3 months**	**From 3 months to 1 year**	**From 1 to 5 years**	**> 5 years**	**Without fixed maturity**	**Total**
Cash and cash equivalents	44 293	-	-	-	-	44 293
Financial assets at fair value through profit or loss						
- *Mandatorily at fair value through profit or loss*	3 402 805	8 286 764	16 244 254	15 201 828	-	43 135 651
- *Trading derivatives*	76 606	199 233	335 032	63 481	-	674 352
Loans and receivables		200	48 702	1 000		49 902
Other assets	835 571	-	-	-	-	835 571
Total assets	**4 359 275**	**8 486 197**	**16 627 988**	**15 266 309**	**-**	**44 739 769**
Financial liabilities at amortised cost	405	16 937	48 000	-	-	65 342
Financial liabilities at fair value through profit or loss						
- *Designated at fair value through profit or loss*	3 406 716	8 286 877	16 243 680	15 209 379	-	43 146 652
- *Trading derivatives*	86 103	198 394	329 063	63 405	-	676 965
Other liabilities	848 336	-	-	-	-	848 336
Tax liabilities	75	-	-	-	-	75
Total liabilities	**4 341 635**	**8 502 208**	**16 620 743**	**15 272 784**	**-**	**44 737 370**

14.5 Fair Value measurement

According to the fair value hierarchy established by IFRS 13, Level 3 (L3) comprises products valued using inputs that are not based on observable market data (referred to as unobservable inputs).

For these products, fair value is determined using models based on valuation techniques commonly used by market participants to measure financial instruments, such as discounted future cash flows for Notes or the Black & Scholes formula for certain options, and using valuation parameters that reflect current market conditions as at the statement of financial position date. These valuation models are validated independently by the experts from the Market Risk Department of the Group’s Risk Division.

Furthermore, the parameters used in the valuation models, whether derived from observable market data or not, are checked by the Finance Division of Société Générale, in accordance with the methodologies defined by the Market Risk Department.

The Notes and the related FFS are classified as Level 3 when the valuation of the associated embedded derivatives (underlying of the Notes) is also based on unobservable market data.

On each element of an identified list of unobservable parameters, it comes to determining the uncertainty of marking, and cross sensitivities with this uncertainty for a confidence interval of the value of the positions.

In parallel, marking the levels of each of these parameters is collected and reported in the Note.

The methods for determining the level of uncertainty, as well as calculating the confidence interval from sensibilities depend on each parameter.

Transfers from Level 2 to Level 3 are determined at the end of each month and occur in case of a modification within a parameter (e.g. no longer linked to the deal, modification of the observability rule of the parameter).

Notes to the financial statements
As at 31 December 2021

Estimates of Level 3 instruments and other most significant unobservable inputs as at 31 December 2021 (by type of underlyings):

Type of underlyings	Assets In million EUR	Liabilities In million EUR	Main products	Valuation techniques used	Significant unobservable inputs	Range of unobservable inputs Min & Max
Equity / funds	17 164	17 162	Simple and complex derivatives on funds, equities or baskets on stocks	Various option models on funds, equities or baskets on stocks	Equity volatilities	[3.0% ; 84.8%]
					Equity dividends	[0.0% ; 15.8%]
					Unobservable correlations	[-100% ; 100 %]
					Hedge funds volatilities	[7.1% ; 20.0%]
					Mutual funds volatilities	[1.7% ; 26.1%]
Rates and Forex	4 017	4 018	Hybrid forex / interest rate or credit / interest rate derivatives	Hybrid forex interest rate or credit interest rate option pricing models	Correlations	[-33.55% ; 90%]
			Forex derivatives	Forex option pricing models	Forex volatilities	[0.0% ; 45.5%]
			Interest rate derivatives whose notional is indexed on the prepayment behaviour on European collateral pools	Prepayement modeling	Constant prepayment rates	[0.0% ; 20.0%]
			Inflation instruments and derivatives	Inflation pricing models	Inflation/ inflation correlations	[55.0% ; 88.90%]
Credit	3 547	3 547	Collateralized Debt Obligations and index tranches	Recovery and base correlation projection models	Time to default correlations	[0% ; 100%]
					Recovery rate variance for single name underlyings	[0% ; 100%]
			Other credit derivatives	Credit default models	Time to default correlations	[0% ; 100%]
					Quanto correlations	[-50% ; 40%]
					Unobservable credit spreads	[0 bps ; 1 000 bps]
Commodity	0	0	Derivatives on commodities baskets	Option models on commodities	Commodities correlations	0
Total	**24 728**	**24 727**				

Unobservable inputs add a degree of uncertainty in the valuation of Level 3 instruments. However, by its very nature, and considering mirror transactions are concluded with Société Générale to hedge the financial liabilities issued by the Company, the Company has no market risk exposure. The impact of an immediate change in an unobservable parameter would have no consequence on the net profit or net equity of the Company. Moreover, changes in an unobservable parameter would have by underlying a minor effect on both assets and liabilities.

Notes to the financial statements
As at 31 December 2021

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

31.12.2021 – EUR' 000	**Carrying amount**	**Fair value**
Cash and cash equivalents	36 384	36 384
Financial assets at fair value through profit or loss		
- *Mandatorily at fair value through profit or loss*	40 322 401	40 322 401
- *Trading derivatives*	714 838	714 838
Loans and receivables *	50 021	50 141
Other assets	497 267	497 267
Total assets	**41 620 911**	**41 621 031**
Financial liabilities at amortised cost *	76 412	76 456
Financial liabilities at fair value through profit or loss		
- *Designated at fair value through profit or loss*	40 323 850	40 323 850
- *Trading derivatives*	714 854	714 854
Other liabilities	503 809	503 809
Tax liabilities	-	-
Total liabilities	**41 618 925**	**41 618 969**

31.12.2020 - EUR' 000	**Carrying amount**	**Fair value**
Cash and cash equivalents	44 293	44 293
Financial assets at fair value through profit or loss		
- *Mandatorily at fair value through profit or loss*	43 135 651	43 135 651
- *Trading derivatives*	674 352	674 352
Loans and receivables *	49 902	51 057
Other assets	835 571	835 571
Total assets	**44 739 769**	**44 740 924**
Financial liabilities at amortised cost *	65 342	66 995
Financial liabilities at fair value through profit or loss		
- *Designated at fair value through profit or loss*	43 146 652	43 146 652
- *Trading derivatives*	676 965	676 965
Other liabilities	848 336	848 336
Tax liabilities	75	75
Total liabilities	**44 737 370**	**44 739 023**

* For Loans and receivables and Financial liabilities at amortised cost, the fair values are calculated by discounting the expected future cash flows under a EUR risk free curve adjusted with Société Générale Group credit spread curve (EUR swap curve from Bloomberg and Société Générale credit spread curve provided by Risk department Paris). Determining fair value is dependent on many factors and can be an estimate of what value may be obtained in the open market at any point in time.

Notes to the financial statements
As at 31 December 2021

The fair value hierarchy of IFRS 13

As at 31 December 2021, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

31.12.2021 - EUR' 000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
- Mandatorily at fair value through profit or loss		**16 020 681**	**24 301 720**	**40 322 401**
Commodities instruments	-	26 454	217	26 671
Credit derivatives/securities	-	697 098	3 251 872	3 948 970
Equity and index securities	-	12 016 561	16 759 072	28 775 633
Foreign exchange instruments/securities	-	1 834 388	278 068	2 112 456
Interest rate instruments/securities	-	1 240 393	3 739 272	4 975 665
Other financial instruments	-	205 787	273 219	479 006
- Trading derivatives		**288 790**	**426 048**	**714 838**
Equity and Index instruments	-	273 342	404 530	677 872
Foreign exchange instruments / securities	-	-	-	-
Other financial instruments	-	15 448	21 518	36 966
Financial liabilities at fair value through profit or loss				
- Designated at fair value through profit or loss		**16 021 886**	**24 301 964**	**40 323 850**
Commodities instruments	-	26 454	217	26 671
Credit derivatives/securities	-	697 094	3 251 908	3 949 002
Equity and index securities	-	12 016 515	16 759 108	28 775 623
Foreign exchange instruments/securities	-	1 834 393	278 240	2 112 633
Interest rate instruments/securities	-	1 241 541	3 739 272	4 980 813
Other financial instrument	-	205 889	273 219	479 108
- Trading derivatives		**290 305**	**424 549**	**714 854**
Equity and Index instruments	-	274 869	403 031	677 900
Foreign exchange instruments / securities	-	-	-	-
Other financial instruments	-	15 436	21 518	36 954

Notes to the financial statements
As at 31 December 2021

As at 31 December 2020, the Company determined the fair values of its financial instruments on the basis of the following hierarchy:

31.12.2020 - EUR' 000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
- *Mandatorily at fair value through profit or loss*		**16 742 790**	**26 392 861**	**43 135 651**
Commodities instruments	-	65 635	5 146	70 781
Credit derivatives/securities	-	757 733	3 868 234	4 625 967
Equity and index securities	-	13 294 655	17 941 949	31 236 604
Foreign exchange instruments/securities	-	769 582	1 507 575	2 277 157
Interest rate instruments/securities	-	1 540 967	2 557 228	4 098 195
Other financial instruments	-	314 218	512 729	826 947
- Trading derivatives		**293 242**	**381 110**	**674 352**
Equity and Index instruments	-	283 580	352 688	636 268
Foreign exchange instruments / securities	-	121	-	121
Other financial instruments	-	9 541	28 422	37 963
Financial liabilities at fair value through profit or loss				
- Designated at fair value through profit or loss		**16 756 021**	**26 390 631**	**43 146 652**
Commodities instruments	-	65 635	5 146	70 781
Credit derivatives/securities	-	758 637	3 867 054	4 625 691
Equity and index securities	-	13 300 879	17 941 049	31 241 928
Foreign exchange instruments/securities	-	769 390	1 507 425	2 276 815
Interest rate instruments/securities	-	1 541 023	2 557 228	4 098 251
Other financial instrument	-	320 457	512 729	833 186
- Trading derivatives		**283 392**	**393 573**	**676 965**
Equity and Index instruments	-	275 506	357 534	633 040
Foreign exchange instruments / securities	-	45	-	45
Other financial instruments	-	7 841	36 039	43 880

The following table describes the variation in Level 3 by financial instruments (in KEUR):

Financial liabilities at fair value through profit or loss	**Balance at 01.01.2021**	Acquisitions (Issuance)	Change in fair value	Reimbursements	Transfers from L2 to L3	Transfers from L3 to L2	Offsetting of the assets and liabilities	**Balance 31.12.2021**
Designated at fair value through P&L	**26 390 631**	**22 113 738**	**(4 754 765)**	**(19 580 881)**	**(45 521)**	**(2 395 451)**	**2 574 213**	**24 301 964**
Equity and index instrument	17 941 049	18 987 257	(3 780 648)	(15 578 985)	(306 452)	(1 657 050)	1 153 937	**16 759 108**
Commodity instruments	5 146	-	37	(7 144)	-	-	2 178	**217**
Credit derivatives	3 867 054	399 880	(319 179)	(1 191 397)	126 712	(147 073)	515 911	**3 251 908**
Foreign exchange instruments	1 507 425	67 123	(57 072)	(2 150 255)	105 807	(117 696)	922 908	**278 240**
Interest rate instruments	2 557 228	2 518 317	(546 831)	(326 766)	12 343	(468 141)	(6 878)	**3 739 272**
Others financial instruments	512 729	141 161	(51 072)	(326 334)	16 069	(5 491)	(13 843)	**273 219**
Trading derivatives	**393 573**	**18 037**	**116 864**	**(108 627)**	**957**	**(11 088)**	**14 833**	**424 549**
Equity and index instruments	357 534	7 155	123 383	(102 783)	1 027	(203)	16 918	**403 031**
Foreign exchange instruments	-	-	10 885	(10 885)	-	-	-	**-**
Other financial instruments	36 039	10 882	(17 404)	5 041	(70)	(10 885)	(2 085)	**21 518**

The above figures are valued on the liabilities side at fair value through profit or loss. Variations of Level 3 of financial instruments in assets are not presented because the figures are similar.

Transfers from Level 3 to Level 2

The consensus data provided by external counterparties are considered observable if the underlying market is liquid and if the prices provided are confirmed by actual transactions. For high maturities, these consensus data are not observable. This is the case for the implied volatility used for the valuation of options with maturities of more than five years. However, when the residual maturity of the instrument falls below five years, its fair value becomes sensitive to observable parameters.

Transfers from Level 2 to Level 3

Transfers from Level 2 to Level 3 can occur in case of a modification within a parameter (no longer linked to the deal, modification of the observability rule of the parameter, etc…).

14.6 Operational risk

Operational risk is the risk of loss or fraud caused by defects or failures in internal procedures or systems, human error or external events, including IT risk and management risk. Particular attention is paid to compliance risk, which receives enhanced monitoring.

The Company participates in the effort to strengthen the management and monitoring of operational risk led by the Société Générale Group. This effort is guided by the Operational Risk Department, which reports to the Société Générale Group Risk Department, and is relayed by different Group operational risk monitoring units responsible for implementing the policies and directives issued by the Société Générale Group and monitoring and controlling operational risks.

The monitoring arrangement mainly relies on four processes supervised by the operational risk departments: periodic risk and control self-assessment (RCSA), collect of internal data on losses due to operational errors with exhaustive real-time reporting of incidents, pattern analyses, and permanent control system.

These procedures are supplemented by a crisis management unit and a business continuity plan.

NOTE 15 – RELATED PARTIES

During the year, the Company entered into transactions with related parties. Those transactions along with related balances as at 31 December 2021 and 2020 are presented below. Related parties are considered to be a party that has the ability to control the Company or exercise significant influence over the Company in making financial or operational decisions. The Company has a related party relationship with SG Luxembourg, its parent company (SG) and with its Executive Board Members, Supervisory Board Members and Executive Officers. As disclosed below in the table, the Company entered into transactions with SG Luxembourg, its parent company (SG) and other SG Group entities.

The issued Notes are sold to Société Générale as market maker, such Notes being expected to be subscribed *in fine* by third party investors, either for their own account or via distribution network. Moreover, all Notes are guaranteed by Société Générale.
Also, the Company borrows securities from Société Générale, which serve as collateral for the secured Notes issued by the Company.

Notes to the financial statements
As at 31 December 2021

As at 31 December 2021 **EUR' 000**	**Société Générale (Parent Company)**	**SG Luxembourg**	**Other SG Group entities**
Cash and cash equivalents	34 204	1 382	289
Financial assets at fair value through profit or loss			
- *Mandatorily at fair value through profit or loss*	40 322 401	-	-
- *Trading derivatives*	714 838	-	-
Loans and receivables	-	50 021	-
Other assets	497 267	-	-
Total assets	**41 568 710**	**51 403**	**289**
Financial liabilities at amortised cost	56	76 205	-
Financial liabilities at fair value through profit or loss			
- *Designated at fair value through profit or loss**	-	-	-
- *Trading derivatives**	-	-	-
Other liabilities	500 580	-	-
Tax liabilities	-	-	-
Total liabilities	**500 636**	**76 205**	**-**
Interest income	1	761	-
Commission income	45 174	-	-
Total revenues	**45 175**	**761**	**-**
Interest expenses	(648)	(28 819)	-
Personnel expenses	-	(352)	-
Other operating charges	(1 590)	(8 442)	(2 418)
Total expenses	**(2 238)**	**(37 713)**	**(2 418)**
Total comprehensive income for the financial year	**42 937**	**(37 713)**	**(2 418)**
Financial commitments	**3 302 045**	**-**	**-**
Financial commitments-collateral to be returned	**4 836 039**	**-**	**-**

*****The financial liabilities at fair value through profit or loss appearing on the statement of financial position are the financial instruments issued by the Company and subscribed by investors, who are not related parties.

Notes to the financial statements
As at 31 December 2021

As at 31 December 2020 EUR' 000	Société Générale (Parent Company)	SG Luxembourg	Other SG Group entities
Cash and cash equivalents	33 538	31	10 032
Financial assets at fair value through profit or loss			
- *Mandatorily at fair value through profit or loss*	43 135 651	-	-
- *Trading derivatives*	674 352	-	-
Loans and receivables	-	49 902	-
Other assets	835 571	-	-
Total assets	**44 679 112**	**49 933**	**10 032**
Financial liabilities at amortised cost	-	64 936	-
Financial liabilities at fair value through profit or loss			
- *Designated at fair value through profit or loss**	-	-	-
- *Trading derivatives**	-	-	-
Other liabilities	845 107	-	-
Tax liabilities	-	75	-
Total liabilities	**845 107**	**65 011**	**-**
Interest income	30	896	-
Commission income	48 748	-	-
Total revenues	**48 778**	**896**	**-**
Interest expenses	(690)	(17 720)	-
Personnel expenses	-	(273)	-
Other operating charges	(2 832)	(20 709)	(3 377)
Total expenses	**(3 522)**	**(38 702)**	**(3 377)**
Total comprehensive income for the financial year	**45 256**	**(37 806)**	**(3 377)**
Financial commitments	**2 498 866**	**-**	**-**
Financial commitments-collateral to be returned	**3 924 732**	**-**	**-**

* The financial liabilities at fair value through profit or loss appearing on the statement of financial position are the financial instruments issued by the Company and subscribed by investors, who are not related parties.

NOTE 16 – REMUNERATION, ADVANCES AND LOANS GRANTED TO MEMBERS OF THE ADMINISTRATIVE OR SUPERVISORY BODY

The independent director of the Company, earned a remuneration of EUR 28 000 for his services related to the year ended 31 December 2021 (31 December 2020: EUR 28 000).

As at 31 December 2021 and 2020, no other payment, advance or loans were given to members of the administrative or supervisory body.

NOTE 17 – INFORMATION ON LITIGATIONS

During the year ended 31 December 2020, SG Issuer, as the Issuer of Notes linked to the credit risk of a French corporate, and Société Générale, as the Guarantor, were brought before the Courts of Paris (alongside other French financial institutions) by end investors to obtain compensation for the financial loss they suffered on their investment in these securities. The French corporate was the subject of a “safeguard procedure”, which constitutes a credit event under the terms of the Notes which had a strong impact on the value of the Notes. These investors rely on unfounded allegations according to which SG Issuer and Société Générale were aware of the difficulties of the French corporate when setting up and marketing these Notes and that in doing so, they failed to meet their regulatory obligations (to act in an honest, fair and professional manner, to provide information on the product risks and to determine the suitability of the Notes for retail investors).

On 27 July 2021, the Company received a new letter from end investors in order to obtain compensation for the financial loss they suffered on their investment in securities issued by the Company. This letter relates to the same litigation described above.

For this litigation, along with any other litigation relating to securities issued by SG Issuer, SG Issuer is entitled to an indemnification by Société Générale in respect of any sum due by SG Issuer regarding potential damages or attorneys' fees.

NOTE 18 – SUBSEQUENT EVENTS

By resolution adopted on 14 January 2022, the Executive Board decided to increase the capital of the Company from EUR 2 000 320 to EUR 2 000 360 by the issue of a new share with a nominal value of EUR 40, subscribed by Société Générale Luxembourg S.A.. After this increase, the subscribed and fully paid share capital is EUR 2 000 360, divided into 50 009 shares with a nominal value of EUR 40 each. Such increase resulted in an allocation of EUR 28 243 758 to the share premium account.

In February 2022, a number of countries (including the US, UK and EU) imposed new sanctions against certain entities (of which financial institutions) and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Additional sanctions have been made following military operations initiated by Russia on 24 February 2022 against Ukraine including the restriction of the access of already sanctioned Russian banks to the international payments system SWIFT.

Such sanctions can impact not only the sanctioned entities and individuals including entities under their control but also Business Counterparties of these sanctioned entities. The results of the sanctions and the geopolitical instability have created an important volatility in the financial markets with a potential to adversely impact global economies and increase instability across markets.

The Executive Board has performed an analysis towards the Company’s potential exposure to the above. The Executive Board regards these events as non-adjusting events after the reporting period. At the date of this report, the Company including its going concern is not significantly impacted (directly or indirectly) by the above and the situation including the possible impact of changing micro- and macroeconomic conditions will be continued to be monitored.

APPENDIX III

REPRODUCTION OF THE PRESS RELEASE DATED 5 MAY 2022 CONTAINING THE GUARANTOR’S CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022

The information set out below is a reproduction of the press release dated 5 May 2022 containing the Guarantor’s consolidated financial results for the first quarter ended 31 March 2022.

SOCIETE GENERALE

RESULTS AT MARCH 31ST 2022

Press release
Paris, May 5th 2022

VERY GOOD FIRST QUARTER

Strong increase in revenues of +16.6% vs. Q1 21 (+16.1%*) with a solid performance by all the businesses particularly in Global Markets, Financial Services and Financing & Advisory

Cost to income ratio of 56.4%(1), excluding contribution to the Single Resolution Fund, with a positive jaws effect in all the businesses

Cost of risk at 39 basis points, around 31 basis points excluding the Russian assets currently being sold

2022 cost of risk expected between 30 and 35 basis points

Underlying Group net income of EUR 1.57 billion(1) (EUR 0.84 billion on a reported basis), an increase of +21.3% vs. Q1 21

Underlying profitability (ROTE) of 11.9%(1) (6.0% on a reported basis)

CAPITAL POSITION

CET 1 ratio of 12.9%(2) at end-March 2022, around 370 basis points above the regulatory requirement

Residual net impact on capital at closing of around -6 basis points from the contemplated disposal of our activities in Russia(3)

Confirmation of the distribution policy for 2021

CET 1 ratio 200-250 basis points minimum above the regulatory requirement, including after entry into force of the regulation finalising the Basel III reform

FURTHER PROGRESS IN OUR STRATEGIC INITIATIVES

Planned acquisition of LeasePlan by ALD: signing of the framework agreement
Partnership between Boursorama and ING: signing of the definitive agreement
Planned merger of the retail banking networks in France: new branding of French networks and conclusion of key agreements in terms of human resources
Sustainable finance: new target increased to EUR 300 billion for the period 2022-2025

Fréderic Oudéa, the Group's Chief Executive Officer, commented:

"This first quarter confirms the robustness and resilience of our business model, with a strong performance by all our businesses in a more uncertain environment, improved operating leverage and a contained cost of risk. The planned disposal, currently being finalised, of our activities in Russia, following the abrupt change in this country's outlook, will enable the Group to withdraw in an effective and orderly manner, ensuring continuity for both its employees and its customers. With new milestones achieved this quarter, the Group is determinedly pursuing the implementation of its strategic initiatives and remains focused on its ambition of sustainable and profitable growth, combined with an attractive shareholder distribution."

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(1) Underlying data (see methodology note No. 5 for the transition from accounting data to underlying data)
(2) Phased-in ratio (fully-loaded ratio of 12.8%)
(3) After reversal of rating migrations for 14 basis points recorded in Q1 22 on the related Russian assets
*The footnote * corresponds to data adjusted for changes in Group Structure and at constant exchange rates*

1. GROUP CONSOLIDATED RESULTS

In EURm	Q1 22	Q1 21	Change	
Net banking income	7,281	6,245	+16.6%	+16.1%*
Operating expenses	(5,329)	(4,748)	+12.2%	+12.5%*
Underlying operating expenses(1)	*(4,325)*	*(4,097)*	*+5.6%*	*+5.8%**
Gross operating income	1,952	1,497	+30.4%	+27.3%*
Underlying gross operating income(1)	*2,956*	*2,148*	*+37.6%*	*+35.3%**
Net cost of risk	(561)	(276)	x 2.0	x 2.0*
Operating income	1,391	1,221	+13.9%	+10.6%*
Underlying operating income(1)	*2,395*	*1,872*	*+27.9%*	*+25.5%**
Net profits or losses from other assets	2	6	-66.7%	-64.8%*
Income tax	(353)	(283)	+24.8%	+24.8%*
Net income	1,040	947	+9.8%	+5.7%*
O.w. non-controlling interests	198	133	+48.9%	+48.2%*
Reported Group net income	842	814	+3.4%	-0.9%*
Underlying Group net income(1)	*1,574*	*1,298*	*+21.3%*	*+18.1%**
ROE	5.3%	5.2%		
ROTE	6.0%	5.9%		
Underlying ROTE(1)	*11.9%*	*10.1%*		

(1) Adjusted for exceptional items and linearisation of IFRIC 21

Societe Generale's Board of Directors, which met on May 4th, 2022 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q1 2022. The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 10.5).

As announced on April 11th, 2022, **an agreement has been signed to sell Rosbank and its Russian insurance subsidiaries**. This operation is expected to be closed in the few coming weeks.

As a reminder the impact of the disposal of Rosbank and the Group's Russian insurance activities on the Group's CET1 ratio is expected to be around -20 basis points(2), including around - 6 basis points of residual net impact expected at closing after reversal of rating migrations recorded in Q1 22 on the related Russian assets. This contemplated disposal would lead to the accounting in the Group's income statement(3) of the write-off of the net book value of the divested activities (~EUR 2 billion(4) and an exceptional non-cash item with no impact on the Group's capital ratio (~EUR 1.1 billion(4)), which corresponds to the normative reversal of the conversion reserve in the Group's income statement.

Net banking income

Net banking income was substantially higher in Q1 22, up +16.6% (+16.1%*) vs. Q1 21, driven by a very good momentum in all the businesses.

French Retail Banking's performance was substantially higher, with net banking income (excluding PEL/CEL provision) up +6.4% vs. Q1 21, reflecting an upward momentum on net interest income as well as financial and service commissions.

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(2) On the basis of the asset value at December 31st, 2021, based on a EUR/RUB exchange rate of 85
(3) Accounted in "net profit or loss on other assets"
(4) Based on non-audited estimated data as of February 28, 2022 and a EUR/RUB exchange rate of 92. The final impact would be calculated based on the data and the foreign exchange rate at the closing date. The accounting period would depend on the closing date

International Retail Banking & Financial Services enjoyed strong revenue growth (+19.3%* vs. Q1 21). Financial Services (+43.6%* vs. Q1 21) and Insurance (+6.0%* vs. Q1 21) enjoyed an excellent momentum. International Retail Banking also benefited from a strong rebound in its activities (+13.1%* vs. Q1 21).

Global Banking & Investor Solutions delivered an excellent performance, with revenues up +18.1% (+16.9%*) vs. Q1 21. Financing & Advisory enjoyed a very good momentum, with revenues up +24.4% (+20.9%*) vs. Q1 21, while the revenues of Global Markets & Investor Services were substantially higher (+19.1%, +15.4%*) than in Q1 21.

Operating expenses

In Q1 22, operating expenses totalled EUR 5,329 million on a reported basis and EUR 4,325 million on an underlying basis (restated for transformation costs and the linearisation of IFRIC 21), an increase of +5.6% vs. Q1 21. This increase can be explained primarily by the rise in variable costs linked to the growth in revenues (EUR +93 million), the increase in the contribution to the Single Resolution Fund (EUR +69 million), currency effects and the increase in other expenses (EUR +31 million).

Driven by a very positive jaws effect, underlying gross operating income grew substantially (+38%) to EUR 2,956 million and the underlying cost to income ratio, excluding the Single Resolution Fund, improved by nearly 7 points (56.4% vs. 63.3% in Q1 21).

Cost of risk

In Q1 22, the cost of risk stood at 39 basis points, an increase vs. Q1 21 (21 basis points) due primarily to the consequences of the crisis in Ukraine on Russian exposure, or EUR 561 million (vs. EUR 276 million in Q1 21). It breaks down into a provision on non-performing loans of EUR 313 million and a provision on performing loans of EUR 248 million.

Excluding Russian activities which are currently being sold, the cost of risk remains limited at 31 basis points and breaks down into a provision on non-performing loans of EUR 277 million and a provision on performing loans of EUR 148 million.

Moreover, the Societe Generale Group has offshore international exposure (exposure at default) to Russian counterparties amounting to EUR 2.8 billion at March 31st, 2022. Exposure at risk on this portfolio is estimated at less than EUR 1 billion. The associated cost of risk was EUR 218 million in Q1 2022.

There is only negligible market exposure to Russian external counterparties.

The Group's provisions on performing loans amounted to EUR 3,614 million at end-March, an increase of EUR 259 million vs. Q4 21.

The non-performing loans ratio amounted to 2.9%[1] at March 31st 2022, stable vs. end-December 2021 (2.9%). The Group's gross coverage ratio for doubtful outstandings stood at 49%[2] at March 31st 2022.

The cost of risk is expected to be between 30 and 35 basis points in 2022.

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(1) NPL ratio calculated according to the EBA methodology published on July 16th, 2019
(2) Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings

Group net income

In EURm	Q1 22	Q1 21
Reported Group net income	842	814
Underlying Group net income[1]	1,574	1,298

In EURm	Q1 22	Q1 21
ROTE	6.0%	5.9%
Underlying ROTE[1]	11.9%	10.1%

(1) Adjusted for exceptional items and linearisation of IFRIC 21

Earnings per share amounts to EUR 0.87 in Q1 22 (EUR 0.79 in Q1 21). Underlying earnings per share amounts to EUR 1 over the same period (EUR 0.83 in Q1 21).

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 65.9 billion at March 31st, 2022 (EUR 65.1 billion at December 31st, 2021). Net asset value per share was EUR 69.23 and tangible net asset value per share was EUR 61.53.

The consolidated balance sheet totalled EUR 1,609 billion at March 31st, 2022 (EUR 1,464 billion at December 31st, 2021). The net amount of customer loan outstandings at March 31st, 2022, including lease financing, was EUR 495 billion (EUR 488 billion at December 31st, 2021) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 523 billion, vs. EUR 502 billion at December 31st, 2021 (excluding assets and securities sold under repurchase agreements).

At April 26th, 2022, the parent company had issued EUR 19.7 billion of medium/long-term debt, having an average maturity of 5.9 years and an average spread of 43 basis points (vs. the 6-month midswap, excluding subordinated debt). The subsidiaries had issued EUR 0.7 billion. In total, the Group had issued EUR 20.4 billion of medium/long-term debt.

The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 140% at end-March 2022 (137% on average in Q1), vs. 129% at end-December 2021. At the same time, the NSFR (Net Stable Funding Ratio) was at a level of 112% at end-March 2022.

The Group's **risk-weighted assets** (RWA) amounted to EUR 376.6 billion at March 31st, 2022 (vs. EUR 363.4 billion at end-December 2021) according to CRR2/CRD5 rules. Risk-weighted assets in respect of credit risk represent 84.1% of the total, at EUR 316.8 billion, up 3.9% vs. December 31st, 2021.

At March 31st, 2022, the Group's **Common Equity Tier 1** ratio stood at 12.9%, or around 370 basis points above the regulatory requirement. The CET1 ratio at March 31st, 2022 includes an effect of +12 basis points for phasing of the IFRS 9 impact. Excluding this effect, the fully-loaded ratio amounts to 12.8%. The Tier 1 ratio stood at 15.1% at end-March 2022 (15.9% at end-December 2021) and the total capital ratio amounted to 17.9% (18.8% at end-December 2021).

The Group is aiming for a CET 1 ratio between 200-250 basis points above the regulatory requirement including after the entry into force of the regulation finalising the Basel III reform.

The **leverage ratio** stood at 4.3% at March 31st, 2022 (4.9% at end-December 2021).

With a level of 30.5% of RWA and 8.7% of leverage exposure at end-March 2022, the Group's TLAC ratio is above the Financial Stability Board's requirements for 2022. At March 31st, 2022, the Group was also above its 2022 MREL requirements of 25.2% of RWA and 5.91% of leverage exposure.

The Group is rated by four rating agencies: (i) Fitch Ratings - long-term rating "A-", stable rating, senior preferred debt rating "A", short-term rating "F1" (ii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1" (iii) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (iv) S&P Global Ratings - long-term rating (senior preferred debt) "A", stable outlook, short-term rating "A-1".

3. FRENCH RETAIL BANKING

In EURm	Q1 22	Q1 21	Change
Net banking income	2,188	2,023	+8.2%
Net banking income excl. PEL/CEL	*2,165*	*2,035*	*+6.4%*
Operating expenses	(1,720)	(1,611)	+6.8%
Underlying operating expenses(1)	*(1,550)*	*(1,483)*	*+4.5%*
Gross operating income	468	412	+13.6%
Underlying gross operating income(1)	*615*	*552*	*+11.4%*
Net cost of risk	(47)	(129)	-63.6%
Operating income	421	283	+48.8%
Net profits or losses from other assets	0	3	-100.0%
Reported Group net income	313	212	+47.6%
Underlying Group net income(1)	*422*	*312*	*+35.2%*
RONE	10.6%	6.9%	
Underlying RONE(1)	*14.3%*	*10.2%*	

(1) Adjusted for the linearisation of IFRIC 21 and PEL/CEL provision
Note: including Private Banking activities following the restatement in Q1 22 (France and International operations). Including activities transferred after the disposal of Lyxor

Societe Generale and Crédit du Nord networks

Average loan outstandings were 1% higher than in Q1 21 at EUR 211 billion. Loan production grew +36% vs. Q1 21, with home loans rising +39% vs. Q1 21 and medium/long-term loans to corporate and professional customers (excluding State Guaranteed Loans) climbing +68% vs. Q1 21.

Average outstanding balance sheet deposits including BMTN (negotiable medium-term notes) continued to rise (+5% vs. Q1 21) to EUR 241 billion.

As a result, the average loan/deposit ratio stood at 88% in Q1 22 vs. 92% in Q1 21.

Insurance assets under management totalled EUR 91 billion at end-March 2022, up +2% year-on-year. Gross life insurance inflow amounted to EUR 2.7 billion in Q1 22, with the unit-linked share accounting for 39%.

Property/casualty insurance premiums and personal protection insurance premiums were up +2% vs. Q1 21.

Boursorama

The bank consolidated its position as the leading online bank in France, with more than 3.7 million clients at end-March 2022, thanks to the onboarding of 388,000 new clients in Q1 22 (+90% vs. Q1 21). Boursorama is aiming to have between 4 million and 4.5 million clients at end-2022, one year ahead of schedule relative to its plan.

Average outstanding loans rose +29% vs. Q1 21 to EUR 14 billion. Home loan outstandings were up +30% vs. Q1 21.

Average outstanding savings including deposits and financial savings were 19% higher than in Q1 21 at EUR 37 billion, while outstanding deposits were up +24% vs. Q1 21. Life insurance outstandings were 7% higher than in Q1 21, with the unit-linked share accounting for 45%. Brokerage recorded more than 2 million transactions in Q1 22.

Private Banking

Private Banking activities were transferred to French Retail Banking in Q1 2022. The scope includes France and international operations as well as the activities transferred at the time of the disposal of Lyxor. The business enjoyed strong commercial activity in all the regions. Assets under management totalled EUR 150 billion, up +8% vs. Q1 21. Net inflow was buoyant at EUR 2.7 billion in Q1 22, despite the volatility of the financial markets. Net banking income totalled EUR 322 million in Q1 22, up +21.2% vs. Q1 21.

Net banking income excluding PEL/CEL

Revenues (excluding PEL/CEL) totalled EUR 2,165 million, up +6.4% vs. Q1 21. Net interest income (excluding PEL/CEL) was up +2.8% vs. Q1 21, driven by loans to corporate customers and Private Banking but partially impacted by the effect of the higher rate on the Livret A passbook savings account. Commissions increased by +6.9% vs. Q1 21, driven by the good performance of financial commissions and the rebound in service commissions.

Operating expenses

Operating expenses amounted to EUR 1,720 million (+6.8% vs. Q1 21) and EUR 1,550 million on an underlying basis (+4.5% vs. Q1 21). The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 71.6%, an improvement of 1.3 points vs. Q1 21, representing a positive jaws effect.

Cost of risk

The cost of risk amounted to EUR 47 million or 8 basis points in Q1 22, a substantial decline compared to Q1 21 (22 basis points). In Q4 21, the cost of risk represented a write-back of 3 basis points.

Contribution to Group net income

The contribution to Group net income was EUR 313 million in Q1 22 vs. EUR 212 million in Q1 21. RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 14.3% in Q1 22 (16.1% excluding Boursorama).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	Q1 22	Q1 21	Change	
Net banking income	2,223	1,862	*+19.4%*	*+19.3%**
Operating expenses	(1,183)	(1,089)	*+8.6%*	*+8.3%**
Underlying operating expenses(1)	*(1,091)*	*(1,017)*	*+7.3%*	*+7.0%**
Gross operating income	1,040	773	*+34.5%*	*+35.0%**
Underlying gross operating income(1)	*1,132*	*845*	*+34.0%*	*+34.4%**
Net cost of risk	(325)	(142)	*x 2.3*	*x 2.3**
Operating income	715	631	*+13.3%*	*+13.8%**
Net profits or losses from other assets	2	2	*+0.0%*	*+11.0%**
Reported Group net income	400	392	*+2.0%*	*+2.6%**
Underlying Group net income(1)	*453*	*434*	*+4.4%*	*+5.0%**
RONE	14.5%	15.7%		
Underlying RONE(1)	*16.5%*	*17.4%*		

(1) Adjusted for the linearisation of IFRIC 21

International Retail Banking's outstanding loans totalled EUR 92.7 billion, up +5.4%* vs. Q1 21. Outstanding deposits increased by +6.5%* vs. Q1 21, to EUR 92.4 billion.

For the Europe scope, outstanding loans were up +6.0%* vs. end-March 2021 at EUR 60.6 billion, driven by a positive momentum in all the regions: +8.3%* in the Czech Republic, +9.1%* in Romania, and +2.3%* in Western Europe. Outstanding deposits rose +3.1%* to EUR 54.3 billion.

In Africa, Mediterranean Basin and French Overseas Territories, outstanding loans increased by +1.6%* when adjusted for changes in Group structure and at constant exchange rates. Outstanding deposits continued to enjoy a healthy momentum, up +6.2%*.

In the Insurance business, the life insurance savings business continued to benefit from a good momentum, with outstandings up +4%* at end-March 2022 vs. end-March 2021 at EUR 134 billion. The share of unit-linked products in outstandings was 36%, an increase of +2 points vs. March 2021. Gross life insurance savings inflow was 7%* higher in Q1 22 than in Q1 21, with the share of unit-linked products remaining at a high level of 43%, up 3 points vs. March 2021. Protection insurance saw an increase of +7%* vs. Q1 21, bolstered by property/casualty premiums up +12%*.

Financial Services also enjoyed a very healthy momentum. Operational Vehicle Leasing and Fleet Management posted record net banking income, up +53%*, due to the business' good performance and continued very strong demand for used cars. The fleet consisted of 1.7 million contracts, including 1.4 million financed vehicles, an increase of +4.8% vs. end-March 2021. Equipment Finance continued to grow, with new leasing business up +3.1%* vs. Q1 21. Outstanding loans rose +1.4% vs. end-March 2021, to EUR 14.5 billion (excluding factoring).

Net banking income

Net banking income amounted to EUR 2,223 million in Q1 22, up +19.3%* vs. Q1 21.

International Retail Banking's net banking income totalled EUR 1,343 million in Q1 22, an increase of +13.1%*.

Revenues in Europe climbed +15.6%* vs. Q1 21, due primarily to substantial growth in net interest income as a result of the rise in rates (+17%* vs. Q1 21), particularly in the Czech Republic (+34%* vs. Q1 21).

The Africa, Mediterranean Basin and French Overseas Territories scope posted revenues up +7.2%* vs. Q1 21 at EUR 466 million, with activity that remained buoyant in Sub-Saharan Africa (+9%* vs. Q1 21).

The Insurance business posted net banking income up +6.0%* vs. Q1 21, at EUR 250 million.

Financial Services' net banking income was substantially higher (+43.6%*) than in Q1 21, at EUR 630 million. This performance benefited primarily from the activities of ALD which continued to post strong growth in the used car sale result (EUR 3,101 per vehicle in Q1 22).

Operating expenses

Operating expenses rose by only +8.3%* on a reported basis (+7.0%* on an underlying basis) vs. Q1 21 to EUR 1,183 million, resulting in a positive jaws effect. The underlying cost to income ratio stood at 49.1% in Q1 22, lower than in Q1 21 (54.6%).

In International Retail Banking, operating expenses were 7.4%* higher than in Q1 21.

In the **Insurance** business, operating expenses rose +7.4%* vs. Q1 21, with a cost to income ratio of 47.2% (39.3% on an underlying basis).

In **Financial Services,** operating expenses increased by +11.4%* vs. Q1 21, generating a very positive jaws effect.

Cost of risk

In Q1 22, the cost of risk amounted to 92 basis points (EUR 325 million), vs. 44 basis points in Q1 21. Excluding Russian activities which are currently being sold, the increase in the cost of risk remained limited with a level of 59 basis points.

Contribution to Group net income

The contribution to Group net income totalled EUR 400 million in Q1 22, an increase of +2.6%* vs. Q1 21.

Underlying RONE stood at 16.5% in Q1 22 (vs. 17.4% in Q1 21) and around 23% excluding Russian activities which are currently being sold. In International Retail Banking, underlying RONE was 7.3% (around 18% excluding Russian activities which are currently being sold) and 28.0% in Financial Services and Insurance.

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q1 22	Q1 21	Variation	
Net banking income	2,755	2,333	+18.1%	+16.9%*
Operating expenses	(2,172)	(1,893)	+14.7%	+15.7%*
Underlying operating expenses(1)	*(1,611)*	*(1,526)*	*+5.6%*	*+6.7%**
Gross operating income	583	440	+32.5%	+21.7%*
Underlying gross operating income(1)	*1,144*	*807*	*+41.7%*	*+35.2%**
Net cost of risk	(194)	(3)	x 64.7	x 76.7*
Operating income	389	437	-11.0%	-18.4%*
Reported Group net income	302	347	-13.0%	-19.9%*
Underlying Group net income(1)	*734*	*629*	*+16.6%*	*+11.3%**
RONE	8.6%	10.4%		
Underlying RONE(1)	*20.8%*	*18.8%*		

(1) Adjusted for the linearisation of IFRIC 21

Note: excluding Private Banking activities following the restatement in Q1 22 (France and International operations). Including activities transferred after the disposal of Lyxor

Net banking income

Global Banking & Investor Solutions delivered a remarkable performance in Q1 driven by all the businesses, with revenues of EUR 2,755 million, significantly higher (+18.1%) than the already high level in Q1 21. The sharp increase in Q1 22 illustrates the relevance of the strategy presented in May 2021 and the quality of its execution.

In Global Markets & Investor Services, net banking income totalled EUR 1,965 million in Q1 22 (+19.1% vs. Q1 21), in a volatile environment, driven by good client activity and the rise in rates.

Global Markets turned in an excellent performance in Q1 22 (EUR 1,777 million), up +20.5% vs. Q1 21, benefiting from a strong commercial momentum in all segments. This very good result can be seen in all the businesses (Equities, Fixed Income, Currency), products (Flow&Hedging, Investment Solutions and financing) and geographical regions.

The Equity activity enjoyed an excellent quarter (EUR 1,010 million, +19.5% vs. Q1 21), driven by strong client activity in all the businesses, particularly in listed products and prime services. The structured products portfolio remained stable, with good risk management.

Fixed Income & Currency activities posted substantially higher revenues (+21.7% vs. Q1 21) at EUR 767 million in a favourable market environment. Very buoyant client activity benefited all the businesses, and particularly Fixed Income activities.

There was a significant increase in Securities Services' revenues in Q1, up +7.4% vs. Q1 21, at EUR 188 million, reflecting the increase in rates as well as a higher level of commissions. Securities Services' assets under custody and assets under administration amounted to EUR 4,375 billion and EUR 676 billion respectively.

Financing & Advisory posted revenues of EUR 790 million, up +24.4% vs. Q1 21.

The Global Banking & Advisory business, up +24.1% vs. Q1 21, capitalised on the good market momentum, particularly in activities related to Natural Resources, Trade Commodity Finance and Infrastructure as well as in property financing.

The Asset-Backed Products platform continued to grow, with a positive return from initiatives carried out on the Financial Sponsors client segment.

Investment Banking enjoyed a good quarter, despite a sharp slowdown in primary market activity since end-February.

Global Transaction and Payment Services continued to experience strong growth, up +26.2% vs. Q1 21, primarily on the back of the increase in rates and volumes.

Operating expenses

Operating expenses totalled EUR 2,172 million in Q1 22, an increase of +14.7% vs. Q1 21 on a reported basis, and +5.6% on an underlying basis. This increase can be explained by the rise in variable costs, related to the increase in earnings, and IFRIC 21 charges (the contribution to the Single Resolution Fund amounted to EUR 622 million in Q1 22 vs. EUR 411 million in Q1 21 for Global Banking & Investor Solutions). There was a significant improvement in the cost to income ratio of 7 points (58.5% vs. 65.4% in Q1 21 on an underlying basis), with a positive jaws effect.

Cost of risk

The cost of risk amounted to 45 basis points (or EUR 194 million) in Q1 22, including EUR 152 million related to offshore exposure to Russia.

Contribution to Group net income

The contribution to Group net income was EUR 302 million on a reported basis and EUR 734 million on an underlying basis (+16.6% vs. Q1 21).

Global Banking & Investor Solutions posted a significant underlying RONE of 20.8% in Q1 22 (24.1% when restated for the impact of the contribution to the Single Resolution Fund), an improvement compared to RONE of 18.8% in Q1 21.

6. CORPORATE CENTRE

In EURm	Q1 22	Q1 21
Net banking income	115	27
Operating expenses	(254)	(155)
Underlying operating expenses[(1)]	*(73)*	*(71)*
Gross operating income	(139)	(128)
Underlying gross operating income[(1)]	*42*	*(44)*
Net cost of risk	5	(2)
Net profits or losses from other assets	-	1
Income tax	12	36
Reported Group net income	(173)	(137)
Underlying Group net income[(1)]	*(52)*	*(69)*

(1) Adjusted for the linearisation of IFRIC 21

The Corporate Centre includes:

- the property management of the Group's head office,
- the Group's equity portfolio,
- the Treasury function for the Group,
- certain costs related to cross-functional projects as well as certain costs incurred by the Group not re-invoiced to the businesses.

The Corporate Centre's net banking income totalled EUR 115 million in Q1 22 vs. EUR 27 million in Q1 21. It includes in particular the positive value changes of financial instruments corresponding to the economic hedging of the Group's equity securities.

Operating expenses totalled EUR 254 million in Q1 22 vs. EUR 155 million in Q1 21. They include the Group's transformation costs for a total amount of EUR 143 million relating to the activities of French Retail Banking (EUR 104 million), Global Banking & Investor Solutions (EUR 14 million) and the Corporate Centre (EUR 25 million). Underlying costs came to EUR 73 million in Q1 22 compared to EUR 71 million in Q1 21.

Gross operating income totalled EUR -139 million in Q1 22 vs. EUR -128 million in Q1 21. Underlying gross operating income came to EUR +42 million in Q1 22 vs. EUR -44 million in Q1 21.

The Corporate Centre's contribution to Group net income was EUR -173 million in Q1 22 vs. EUR -137 million in Q1 21. The Corporate Centre's contribution to Group net income on an underlying basis was EUR -52 million.

7. 2022 FINANCIAL CALENDAR

2022 and 2023 Financial communication calendar

May 17th, 2022	2022 General Meeting
May 25th, 2022	Dividend detachment
May 27th, 2022	Dividend payment
August 3rd, 2022	Second quarter and first half 2022 results
November 4th, 2022	Third quarter and nine-month 2022 results
February 8th, 2023	Fourth quarter and FY 2022 results

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out (in particular the transition from published data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios.

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.
These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:
- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the section "Risk Factors" in our Universal Registration Document filed with the French Autorité des Marchés Financiers (which is available on https://investors.societegenerale.com/en).

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

8. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME BY CORE BUSINESS

In EURm	Q1 22	Q1 21	Variation
French Retail Banking	313	212	+47.6%
International Retail Banking and Financial Services	400	392	+2.0%
Global Banking and Investor Solutions	302	347	-13.0%
Core Businesses	1,015	951	+6.7%
Corporate Centre	(173)	(137)	-26.3%
Group	842	814	+3.4%

NB: Amounts restated in Q1 22 to take into account the transfer of Private Banking activities (French and international) to the French Retail Banking. Includes activities transferred after the disposal of Lyxor

CONSOLIDATED BALANCE SHEET

In EURm	31.03.2022	31.12.2021
Cash, due from central banks	230,086	179,969
Financial assets at fair value through profit or loss	419,946	342,714
Hedging derivatives	13,683	13,239
Financial assets at fair value through other comprehensive income	40,342	43,450
Securities at amortised cost	19,748	19,371
Due from banks at amortised cost	74,490	55,972
Customer loans at amortised cost	501,542	497,164
Revaluation differences on portfolios hedged against interest rate risk	172	131
Investments of insurance companies	172,741	178,898
Tax assets	4,647	4,812
Other assets	95,796	92,898
Non-current assets held for sale	16	27
Investments accounted for using the equity method	115	95
Tangible and intangible fixed assets	32,139	31,968
Goodwill	3,739	3,741
Total	1,609,202	1,464,449

In EURm	31.03.2022	31.12.2021
Due to central banks	12,618	5,152
Financial liabilities at fair value through profit or loss	391,805	307,563
Hedging derivatives	17,839	10,425
Debt securities issued	135,384	135,324
Due to banks	157,560	139,177
Customer deposits	528,620	509,133
Revaluation differences on portfolios hedged against interest rate risk	(1,631)	2,832
Tax liabilities	1,683	1,577
Other liabilities	122,461	106,305
Non-current liabilities held for sale	-	1
Insurance contracts related liabilities	150,098	155,288
Provisions	5,047	4,850
Subordinated debts	16,101	15,959
Total liabilities	1,537,585	1,393,586
Shareholder's equity	-	-
Shareholders' equity, Group share	-	-
Issued common stocks and capital reserves	21,836	21,913
Other equity instruments	7,534	7,534
Retained earnings	36,270	30,631
Net income	842	5,641
Sub-total	66,482	65,719
Unrealised or deferred capital gains and losses	(630)	(652)
Sub-total equity, Group share	65,852	65,067
Non-controlling interests	5,765	5,796
Total equity	71,617	70,863
Total	1,609,202	1,464,449

10. APPENDIX 2: METHODOLOGY

1 –The financial information presented for the quarter ending 31 March 2022 was examined by the Board of Directors on May 4th, 2022 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. This information has not been audited.

2 - Net banking income

The pillars' net banking income is defined on page 41 of Societe Generale's 2022 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 - Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2021 (pages 482 et seq. of Societe Generale's 2022 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses. The Cost/Income Ratio is defined on page 41 of Societe Generale's 2022 Universal Registration Document.

4 - IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e. a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

The contributions to **Single Resolution Fund (« SRF »)** are part of IFRIC21 adjusted charges, they include contributions to national resolution funds within the EU.

5 – Exceptional items – Transition from accounting data to underlying data

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.

Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar for PEL/CEL provision allocations or write-backs. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

The reconciliation enabling the transition from published accounting data to underlying data is set out in the table below:

Q1 22 (In EURm)	Operating Expenses	Cost of risk	Net profit or losses from other assets	Income tax	Group net income	Business
Reported	(5,329)	(561)	2	(353)	842	
(+) IFRIC 21 linearisation	*860*			*(218)*	*626*	
*(+) Transformation charges**	*143*			*(37)*	*106*	*Corporate Center[1]*
Underlying	(4,325)	(561)	2	(608)	1,574	

Q1 21 (In EURm)	Operating Expenses	Cost of risk	Net profit or losses from other assets	Income tax	Group net income	Business
Reported	(4,748)	(276)	6	(283)	814	
(+) IFRIC 21 linearisation	*601*			*(141)*	*448*	
*(+) Transformation charges**	*50*			*(14)*	*36*	*Corporate Center[2]*
Underlying	(4,097)	(276)	6	(438)	1,298	

(*) Exceptional item

(1) Q1 22 transformation charges related to French Retail Banking (EUR 104m), Global Banking & Investor Solutions (EUR 14m) and Corporate Centre (EUR 25m)

(2) Q1 21 transformation charges related to French Retail Banking (EUR 38m), Global Banking and Investor Solutions (EUR 1m) and Corporate Center (EUR 11m)

6 - Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk is defined on pages 43 and 663 of Societe Generale's 2022 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

In EURm		Q1 22	Q1 21
French Retail Banking	Net Cost Of Risk	47	129
	Gross loan Outstandings	242,645	233,953
	Cost of Risk in bp	8	22
International Retail Banking and Financial Services	Net Cost Of Risk	325	142
	Gross loan Outstandings	140,547	130,196
	Cost of Risk in bp	92	44
Global Banking and Investor Solutions	Net Cost Of Risk	194	3
	Gross loan Outstandings	170,749	138,305
	Cost of Risk in bp	45	1
Corporate Centre	Net Cost Of Risk	(5)	2
	Gross loan Outstandings	14,413	12,963
	Cost of Risk in bp	(12)	4
Societe Generale Group	Net Cost Of Risk	561	276
	Gross loan Outstandings	568,354	515,416
	Cost of Risk in bp	39	21

The **gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

7 - ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 43 and 44 of Societe Generale's 2022 Universal Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 44 of Societe Generale's 2022 Universal Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for "interest net of tax payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period (in EURm)	Q1 22	Q1 21
Shareholders' equity Group share	65,852	62,920
Deeply subordinated notes	(8,178)	(9,179)
Undated subordinated notes	-	(273)
Interest of deeeply & undated subodinated notes, issue premium amortisations(1)	(65)	(51)
OCI excluding conversion reserves	120	(723)
Dividend provision(2)	(415)	(353)
ROE equity end-of-period	55,029	52,340
Average ROE equity	54,669	51,771
Average Goodwill	(3,624)	(3,928)
Average Intangible Assets	(2,753)	(2,506)
Average ROTE equity	48,292	45,337
Group net Income (a)	842	814
Underlying Group net income (b)	1,574	1,298
Interest on deeply subordinated notes and undated subordinated notes (c)	(119)	(144)
Cancellation of goodwill impairment (d)	2	-
Ajusted Group net Income (e) = (a)+ (c)+(d)	725	670
Ajusted Underlying Group net Income (f)=(b)+(c)	1,457	1,154
Average ROTE equity (g)	48,292	45,337
ROTE [quarter: (4*e/g)]	6.0%	5.9%
Average ROTE equity (underlying) (h)	49,024	45,821
Underlying ROTE [quarter: (4*f/h)]	11.9%	10.1%

(1) Interest net of tax, payable or paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations

(2) The dividend to be paid is calculated based on a pay-out ratio of 50% of the underlying Group net income, after deduction of deeply subordinated notes and on undated subordinated notes

RONE calculation: Average capital allocated to Core Businesses

In EURm	Q1 22	Q1 21	Change
French Retail Banking	11,822	12,208	-3.2%
International Retail Banking and Financial Services	11,018	9,963	+10.6%
Global Banking and Investor Solutions	14,128	13,404	+5.4%
Core Businesses	36,968	35,576	+3.9%
Corporate Center	17,701	15,975	+10.8%
Group	54,669	51,550	+6.1%

NB: Amounts restated in Q1 22 to take into account the transfer of Private Banking activities (French and international) to the French Retail Banking. Includes activities transferred after the disposal of Lyxor

8 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 46 of the Group's 2022 Universal Registration Document. The items used to calculate them are presented below:

End of period (in EURm)	Q1 22	2021	2020
Shareholders' equity Group share*	65,852	65,067	61,710
Deeply subordinated notes	(8,178)	(8,003)	(8,830)
Undated subordinated notes	-	-	(264)
Interest of deeeply & undated subodinated notes, issue premium amortisations(1)	(65)	20	19
Bookvalue of own shares in trading portfolio	(78)	37	301
Net Asset Value*	57,531	57,121	52,936
Goodwill	(3,624)	(3,624)	(3,928)
Intangible Assets	(2,773)	(2,733)	(2,484)
Net Tangible Asset Value*	51,134	50,764	46,524
Number of shares used to calculate NAPS**	831,044	831,162	848,859
Net Asset Value per Share	69.2	68.7	62.4
Net Tangible Asset Value per Share	61.5	61.1	54.8

(*) Amounts restated compared with the financial statements published in 2020 (See Note1.7 of the 2021 financial statements)
(*) The number of shares considered is the number of ordinary shares outstanding as at end of period, excluding treasury shares and buybacks, but including the trading shares held by the Group. In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction*
(1) Interest net of tax, payable or paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations

9 - Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 45 of Societe Generale's 2022 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE. As specified on page 45 of Societe Generale's 2022 Universal Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).
The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands)	Q1 22	2021	2020
Existing shares	845,248	853,371	853,371
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	6,021	3,861	2,987
Other own shares and treasury shares	8,124	3,249	-
Number of shares used to calculate EPS*	831,103	846,261	850,385
Group net Income	842	5,641	(258)
Interest on deeply subordinated notes and undated subordinated notes	(119)	(590)	(611)
Capital gain net of tax on partial buybacks	-	-	-
Adjusted Group net income	723	5,051	(869)
EPS (in EUR)	0.87	5.97	(1.02)
Underlying EPS** (in EUR)	1.00	5.52	0.97

(*) The number of shares considered is the average number of ordinary shares outstanding during the period, excluding treasury shares and buybacks, but including the trading shares held by the Group
(**) Calculated on the basis of underlying Group net income (excluding linearisation of IFRIC 21)

10 - The Societe Generale Group's Common Equity Tier 1 capital

It is calculated in accordance with applicable CRR2/CRD5 rules. The fully loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is also calculated according to applicable CRR2/CRD5 rules including the phased-in following the same rationale as solvency ratios.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 131,000 members of staff in 66 countries and supports on a daily basis 26 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking**, which encompasses the Societe Generale, Credit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- **International Retail Banking, Insurance and Financial Services**, with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions**, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (Europe), FTSE4Good (Global and Europe), Bloomberg Gender-Equality Index, Refinitiv Diversity and Inclusion Index, Euronext Vigeo (Europe and Eurozone), STOXX Global ESG Leaders indexes, and the MSCI Low Carbon Leaders Index (World and Europe).

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