



SP Group
Annual Report 2021

**Creating a safe, reliable,
sustainable future**

CHAIRMAN'S MESSAGE 2021

In the past year, we stood together, overcame challenges and adjusted to changes brought about by the Covid-19 pandemic. Our staff found new ways of working and continued with key projects to ensure the reliability of our power networks while keeping our customers and employees safe. We charted new growth paths for our business as a key player in sustainable energy solutions in the region.



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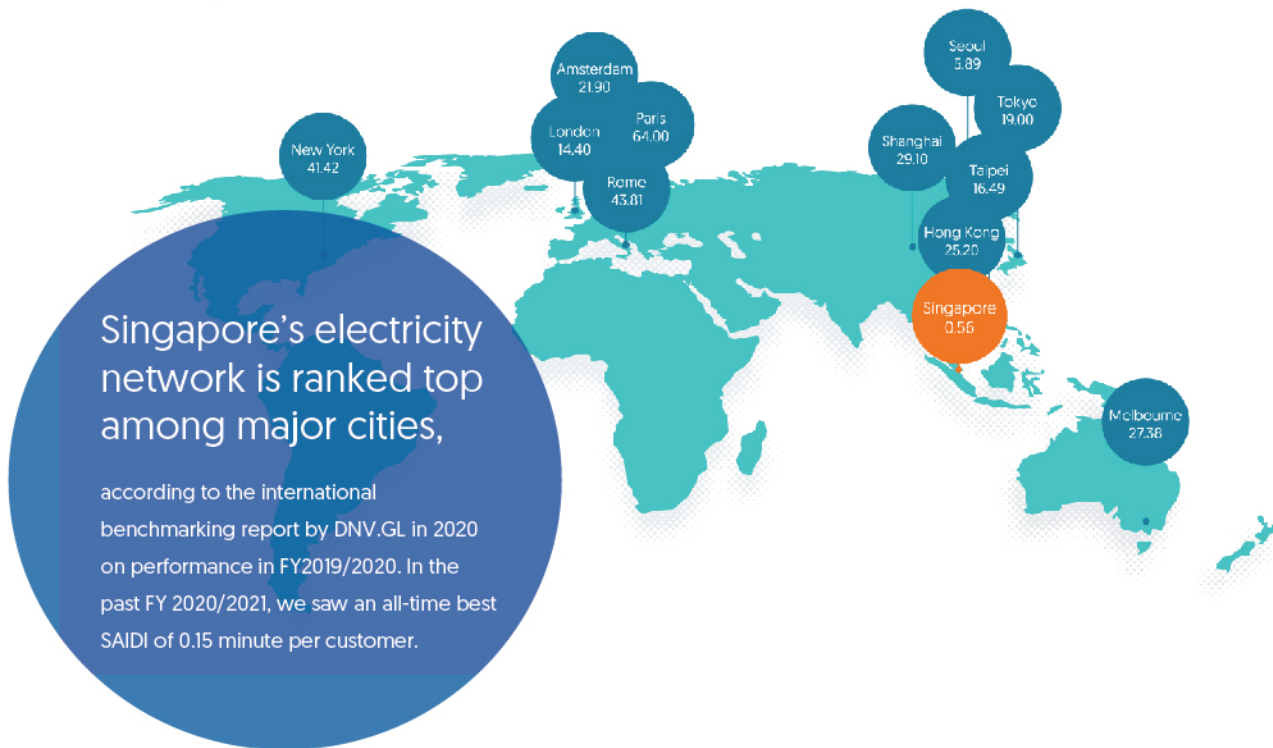
Maintaining reliability

We saw an all-time best of 0.15 minute of electricity interruption in the System Average Interruption Duration Index (SAIDI), which means a customer experienced an average of just nine seconds of interruption in the year. This was largely due to our continued focus on reliability through a systematic regime of maintenance,

timely replacement of ageing equipment and close monitoring of equipment performance. We are enhancing network reliability by deploying online sensors and an analytics system to check the condition and performance of our equipment remotely.


Electricity Network Performance Benchmarking

System Average Interruption Duration Index (SAIDI)
[Minutes per customer]



Against the backdrop of a year disrupted by the global pandemic, we pushed ahead with key projects and completed more than 1,100 customer connection projects, and various transmission and distribution projects, including two new 550 MVA circuits connecting Singapore and Malaysia.

In land-scarce Singapore, we are constructing an underground substation at Labrador, which will be Southeast Asia's first large-scale underground substation, planned for completion by 2024. A key engineering milestone was the largest concrete pour in Singapore to complete the foundation of this underground facility.



SP Group is building a 230kV electrical substation underground at Labrador

to optimise space in land-scarce Singapore for urban growth and development, and to enhance asset and network security.

In January 2021, our Gas team recommissioned the Toh Tuck Gasholder, after 24 months of extensive work. The gasholder will play a crucial role in managing gas supply pressure during peak hours, catering to higher future demand.

Together with Nanyang Technological University, we have embarked on a S\$30 million research and education collaboration for a joint lab and programmes to develop solutions to enhance the resilience of our national electricity grid. Two endowment funds, totalling S\$10 million, will be set up to support and groom next-generation

experts in Singapore's energy sector.

We have deployed the first utility-scale energy storage system in Singapore, in partnership with the EMA, to support the growth of solar deployment and monitor the battery performance in local environmental conditions.

In supporting the Open Electricity Market, our cross-functional team completed the mammoth system implementation that enables more consumer choice and competitive electricity prices.

Making safety our priority

In a record performance, our Lost Time Injury Frequency Rate (LTIFR) was at an all-time low of 0.3 million man-hours. Leveraging technology and process improvement, we increased by 60 per cent the number of safety inspections via

remote monitoring of work sites. We enhanced safety awareness of contractor workers by introducing practical training through the setting up of training stations for hands-on experience.

SP has attained the ISO 45001 certification, following efforts to align and level up our safety standards at the group level. Recognising health as an integral part of a strong safety culture, we launched a comprehensive Workplace Health Programme that provides a framework to promote healthy lifestyle and address occupational health risks. We trained employees to be Care Ambassadors to provide support to their co-workers who may face added mental stress working from home.

We adapted well to remote work arrangements and were able to maintain our output and service levels. Our ability to secure our information systems and infrastructure, and safeguard the 1.6 million residential and commercial customer utilities accounts can be attributed to our constant pursuit to meet international best practices. This includes attaining the ISO 27001 certification, a global benchmark for information security management standards.

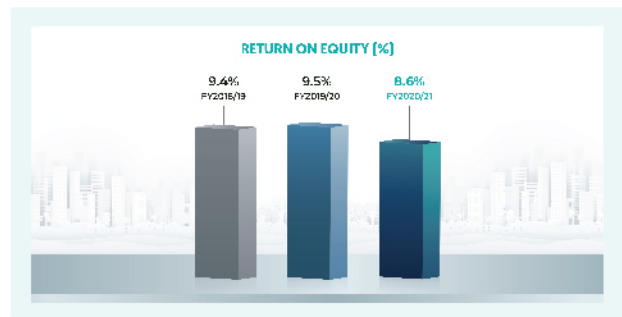
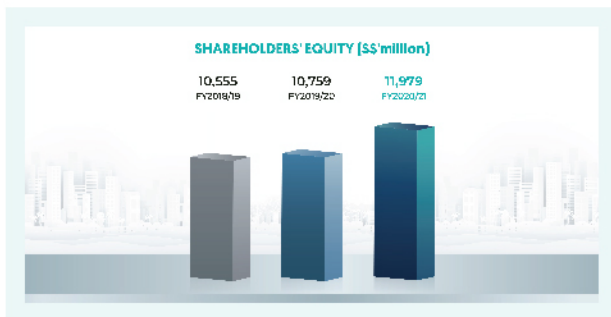
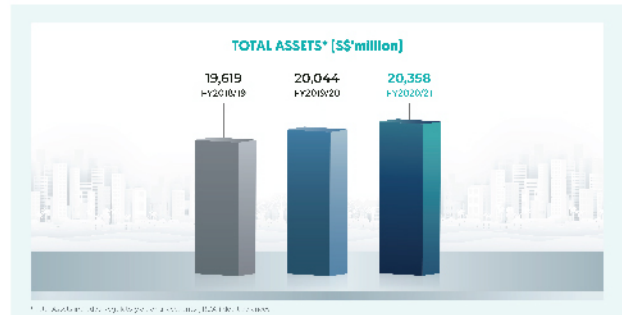
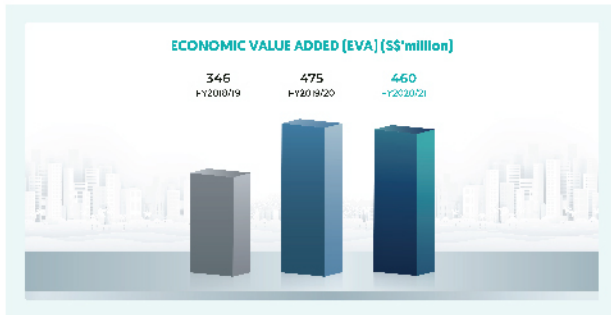
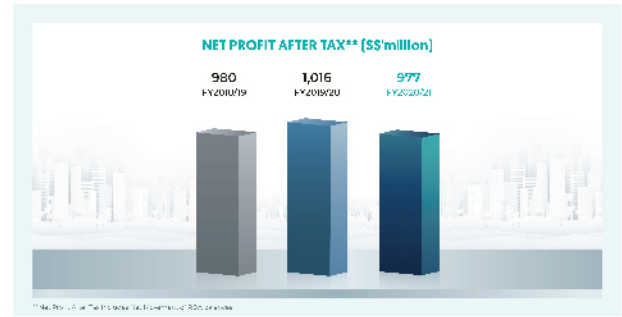
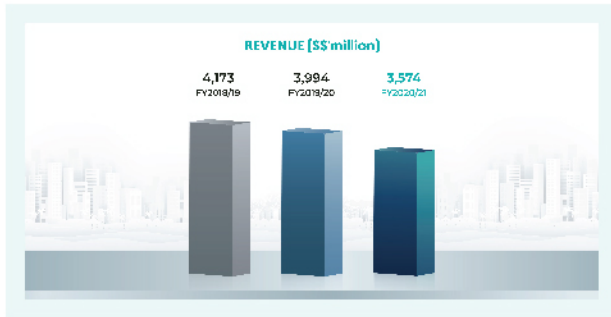
Maintaining our strong financials

Despite the challenging global situation, our financial performance remains resilient. The Group recorded a Net Profit After Tax of S\$976.7 million and ended the year with an asset base of S\$20 billion. We are proposing a final dividend of S\$390 million for the financial year ended 31 March 2021.

We continue to maintain high investment grade ratings, with AA+ by S&P and Aa2 by Moody's. The recent S&P rating upgrade is a reflection of our stable electricity and gas transmission and distribution businesses, underpinned by a transparent regulatory framework in Singapore and continued prudence in our balance sheet

management. The strong investment grade rating has enabled us to have broad and cost-effective access to banks and capital markets. During the year, we finalised with the Energy Market Authority (EMA) the weighted average cost of capital for the current regulatory period ending 2025.

As part of the Group's drive to invest in sustainable solutions and to diversify our funding options and investor base, we have launched the SP Group Green Financing Framework in April 2021 which allows us to issue green bonds or loans to fund projects with positive environmental impact.



Creating a sustainable future

In the past year, we formulated Strategy 2030 – a roadmap to provide customers with smart energy, low carbon solutions – as well as to be a leading sustainable energy solutions player in the region.

Our [Sustainability Review](#) demonstrates our commitment to pursuing initiatives aligned with the United Nations' Sustainable Development Goals 7 and 9, to ensure access to affordable, clean and sustainable energy for all, and to build reliable infrastructure, promote inclusion and

industrialisation, and foster innovation.

Residents of Singapore's first smart energy town in Tengah will enjoy energy savings from the world's largest residential cooling system to be set up there. They can also look forward to other smart energy solutions to help them monitor and lower their consumption and carbon footprint, and benefit from EV charging stations.



Future Tengah residents and visitors

Future Tengah residents and visitors can explore the various smart energy innovations through an interactive at the MyTengah Experience Centre in HDB Hub at Toa Payoh.

We are enhancing the accessibility and affordability of EV ownership, collaborating with Goldbell Group, Chevron and SMRT subsidiary Strides Transportation to extend our charging points to their customers. We have also invested

in The Mobility House AG to explore smart charging and vehicle-to-grid feasibility in Singapore. As at 31 March 2021, we have a total of 340 charging points set up in 71 locations island-wide.



The SP team, led by Group CEO Stanley Huang (2nd from left) signed a partnership agreement with SMRT subsidiary Strides Transportation on 27 May 2021 to launch Electrification-as-a-Service (EaaS) as a new offering to Strides' drivers and fleet customers.

For households, we are rolling out digital solutions to help them reduce their carbon footprint and adopt a greener way of life. Consumers can tap on the SP Utilities mobile app to buy Renewable Energy Certificates with My Green Credits and consume green electricity; earn rewards with GreenUp as they embark on sustainability challenges; and use My Carbon Footprint to calculate and benchmark their carbon emissions.

As at 31 March 2021, we have installed more than 500,000 smart electricity meters across Singapore and are on track to complete installation for all 1.4 million households by 2024. Building on these capabilities, we were awarded National Water Agency PUB's tender to roll out Singapore's first large-scale smart water metering project. This entails supplying, installing and

managing some 300,000 smart water meters across seven locations island-wide.

In step with our strategy, we are expanding our footprint in the region. In China, we have secured our second district cooling project through our partnership with Sino-Singapore Guangzhou Knowledge City. In addition, we signed MOUs with State Grid Shanghai and State Grid Chongqing to bring sustainable energy solutions to customers in both cities. We also acquired French utility company ENGIE's 40 per cent stake in Sino-French Energy Services Co. Ltd in Chongqing. More recently, we signed a joint venture agreement with Jinko Power to acquire and invest in renewable energy assets and to develop integrated energy solutions in China. This marks SP's first acquisition of renewables in China.



Mr Michael Zhong Zhiming (left), SP Group's Managing Director, China, SP International and Mr Zhou Wei, Executive Director, State Grid Shanghai Integrated Energy Services, signed the Memorandum of Understanding on 13 October 2021.

Investing in our people

Our people are our strongest assets. The record achievement of 85 per cent favourable score in our Employee Engagement survey signals that our purpose and direction as one team resonates strongly with our people.

In a Covid-19 world, we equipped our staff to work remotely and continue their skills upgrading via e-learning, and encouraged them to be vaccinated to keep themselves, their families and the community safe.

As we power a smart energy future, we have

been strengthening our workforce through training and upskilling in close collaboration with the Union of Power and Gas Employees. Since the launch of Project FUSION – Future Skills In Everyone – in April 2018, we have invested a total of S\$27.3 million, upskilled 3,553 staff and clocked more than 600,000 training hours. Signalling our engineering bench strength, we have 103 engineers with Professional Engineer certification, one of the highest among companies in Singapore. To develop engineering talent, we offered 10 scholarships and 83 internship positions last year.

Amidst the Covid-19 pandemic,

Gas Operations Principal Engineer Lian Junyue [2nd from right] continues to upgrade his skills via e-learning, in addition to his role in planning for the expansion and renewal of our gas distribution network.



These investments in our people have also helped to increase productivity across the organisation. Warehouse assistants and supervisors from Supply Chain Management underwent training to operate the new smart

Warehouse Management System which went “live” on 2 November 2020. With the inventory and processes digitised, productivity improved by 30 per cent.

Underlining our commitment to uphold anti-bribery and corruption standards and mitigate bribery risks, we embarked on a

company-wide effort and attained the ISO 37001 certification, formalising our zero-tolerance approach towards bribery and corruption.

Supporting the community

Despite restrictions arising from the pandemic, we sustained our giving efforts in the community. Our annual Power Packs event took place amidst strict adherence to safe management measures and we provided over 7,200 lunch meals for seniors via Toa Payoh West-Balestier Senior Activity Centre last year. Our annual Charity Golf

event in April 2021 raised S\$500,000 for the SP Heartware Fund. Our employees also contributed generously to the Fund, which SP Group matches dollar for dollar. Since 2005, we have raised S\$17 million for the Fund. We thank Community Chest and all our community partners for their continued collaboration.



Mr Stanley Huang
Group CEO, SP Group



Mr Masagos Zulkifli
Minister for Social and Family Development



Tan Sri Hassan Marican
Chairman, SP Group



Mdm Rahayu Buang
CEO, KidSTART Singapore



Mr Phillip Tan
Chairman, Community Chest

We launched the SP Kids at Heart programme

with a cheque presentation during a virtual ceremony on 23 June 2021.

Besides supporting seniors through their silver years, we are reaching out to a new segment – pre-schoolers and their families – benefiting both ends of the age spectrum. Partnering the Early Childhood Development Agency and

Community Chest, we launched SP Kids at Heart, with a S\$1 million donation to give children from less privileged families a good start in life.

Our staff volunteers
– known as SP Heart
Workers –

like engineer Rachel Low, help keep the kids engaged with activities like reading while their parents attend KidSTART sessions.



We also supported Temasek Foundation in the distribution of free face masks and hand sanitiser to the public, with our call centre serving as the public hotline and our utilities bill used for sanitiser collection.

In Appreciation

I would like to record my appreciation to Mr Anthony Tan for his invaluable contributions as he stepped down from the Board on 30 July 2021. I welcome Ms Leong Wai Leng who joined the Board as Director and Deputy Chairman on 1 April 2021. I also thank all board members for their guidance and counsel.

On behalf of the Board, I extend my appreciation to

the management and staff for navigating the challenges and keeping us on a steady and sustainable path. I am grateful to our shareholder, business partners, union and regulator for their continuous support.

We will continue to build on the results that we have achieved last year, and push forth to power a smart energy future for Singapore.

Mohd Hassan Marican

Chairman

August 2021