

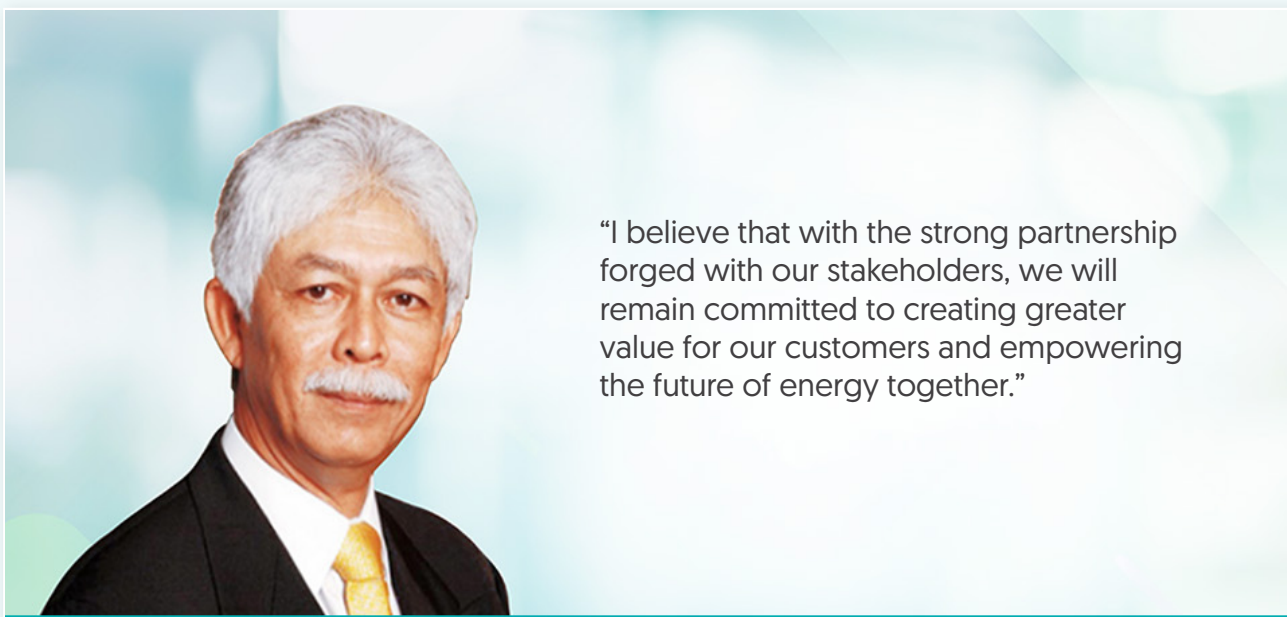


SPgroup

Empowering the Future of Energy

Empowering the Future of Energy

SP Group Annual Report 2022



The past year has been a test of resilience, agility and unity. Reflecting on SP Group's performance, it has been a remarkable year on several counts. Despite unprecedented challenges and constraints posed by the pandemic, supply chain disruptions and a labour crunch, we concluded the year with a record electricity supply interruption performance, exceeded targets for gas operations and workplace safety, and attained an all-time high employee engagement.

As a provider of essential energy services, SP Group has been steadfast in ensuring reliable and secure supply of electricity and gas for our customers, amidst change and transformation around us. With the gradual easing of safe management measures, we have doubled our efforts in asset maintenance and renewal works to ensure long-term network reliability.

Recognising climate change imperatives, we have stepped up efforts in developing

sustainable energy solutions. We have expanded our low-carbon footprint in Singapore and overseas, providing energy solutions through district cooling, electromobility and renewable energy investments.

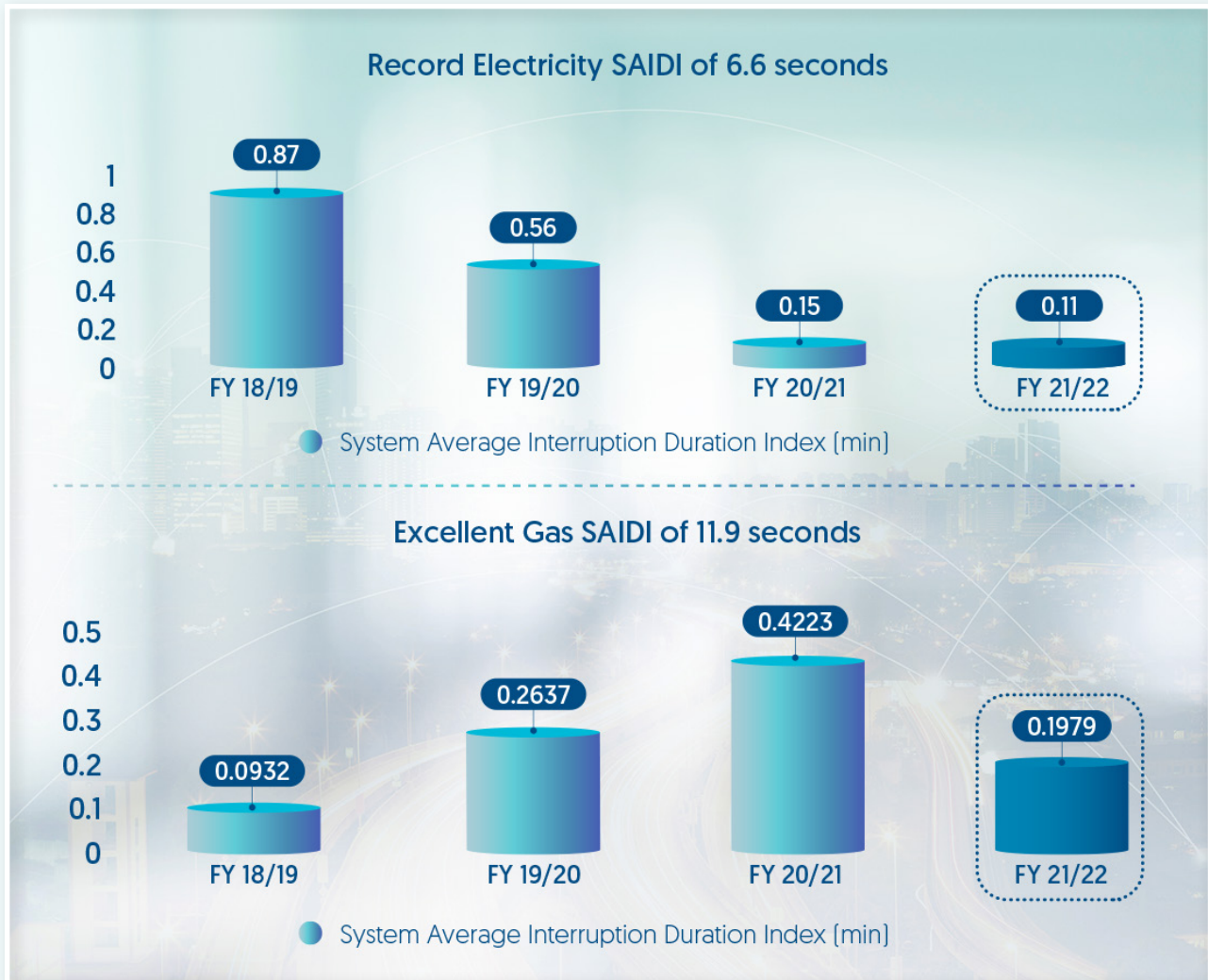
The difficult operating environment has not deterred us from continued investment in building capabilities as we pursue technology, people development and process innovation, and maintain a strong financial position to meet future needs.

MANAGING RELIABLE NETWORKS

Our teams work round the clock to run robust operations of the grid, delivering reliable power and gas supply to more than 1.6 million commercial, industrial and residential customers in Singapore.

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Efforts spanning asset planning, renewal and maintenance have contributed to a record network reliability performance. On average last year, a customer experienced a record low 6.6 seconds of electricity interruption and 11.9 seconds of gas interruption.



In the past year, we completed 18 renewal projects, and replaced 140km of cables, 263 transformers and 1,044 switchgear panels in our electricity distribution infrastructure.

We invest in infrastructure and technology such as artificial intelligence and machine learning. This enables us to conduct comprehensive real-time monitoring, trend analysis and diagnostics so as

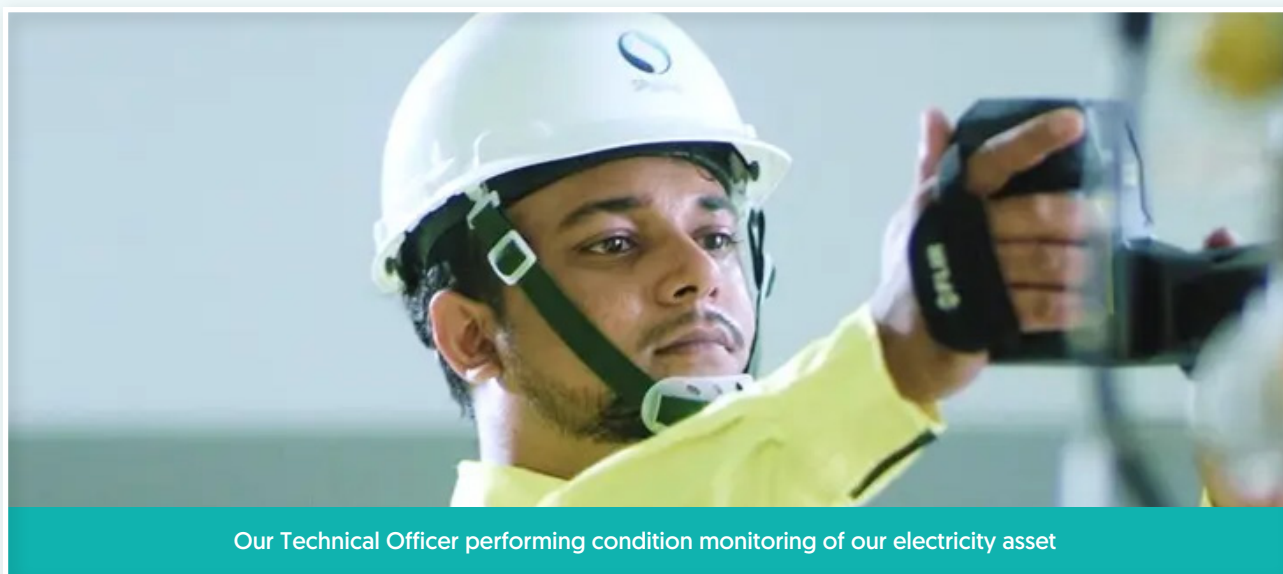
to predict and manage future network problems before they occur. Forty critical distribution substations have been installed with online condition monitoring equipment, with another 99 more in the pipeline.

In anticipation of growth in electricity demand, electrification and renewable and distributed energy deployment, there is a need for a

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high-fidelity digital replica of Singapore's future electricity grid. SP is developing a Grid Digital Twin, an innovative in-house creation to better plan, operate and maintain the national power grid through modelling, simulations, condition monitoring and asset health analysis. We draw on up-to-date information from over 12,000 substations across our entire electricity network.

As part of our gas asset renewal and maintenance programme, we concluded an open tank inspection for a gas holder and successfully completed the renewal of two town gas offtake stations. Another seven stations are scheduled for completion in the next three years.



We carried out projects to lay more than 70km of durable polyethylene pipes to replace ageing ductile iron pipelines, thereby reducing the risk of gas leakage. Another key milestone was the completion of the in-line inspection operations for a subsea gas pipeline connecting Indonesia to Singapore to ensure integrity of the pipeline.

We have adopted new technologies such as the implementation of a new gas enterprise asset management system. These initiatives will optimise operational effectiveness and enable us to better assess the condition of our assets in order to facilitate timely replacement and minimise unplanned interruption.

SP is driving the national rollout of smart meters to help customers optimise their energy efficiency. We have installed 648,000 advanced electricity meters for businesses and households. Under the project awarded by PUB in 2021 to supply, install and manage smart water meters, we are making steady progress in rolling out 309,100 smart water meters under the first phase of PUB's Smart Water Meter Programme. With these meters, commercial and residential customers can track their electricity and water consumption, better understand their usage patterns and achieve better efficiency.

UPHOLDING SAFETY STANDARDS

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ACHIEVING STRONG FINANCIAL OUTLOOK

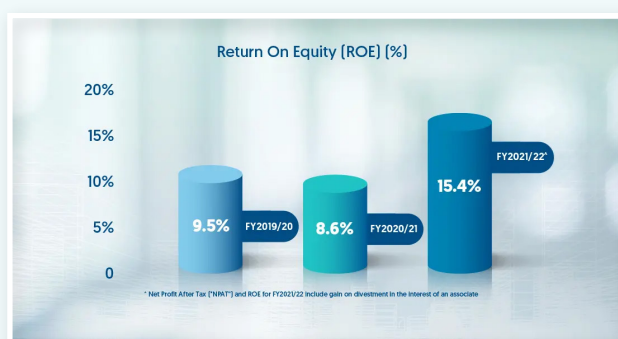
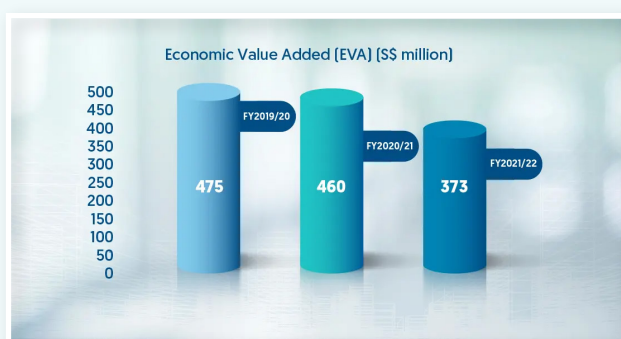
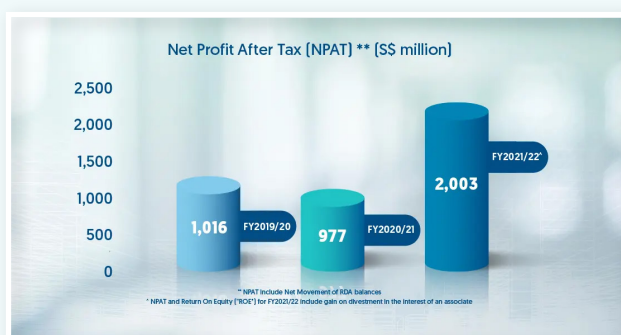
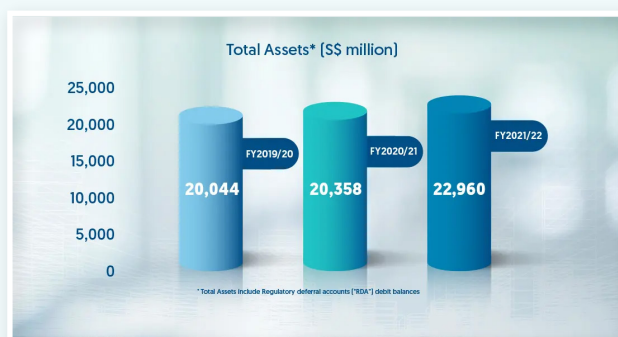
As with all industries and markets around the world, we have grappled with a challenging and rapidly changing external environment. Despite this, SP has delivered another year of solid financial performance, staying the course in achieving our Strategy 2030 launched two years ago.

For the year ended 31 March 2022, the Group recorded a Net Profit After Tax of S\$2 billion after a one-time gain of S\$1.1 billion (net of tax) due to the divestment of our stake in our investment in AusNet Services, to Brookfields Group. Including a special dividend of S\$2 billion arising from the

divestment, we will be declaring a record dividend of S\$2.47 billion in the next financial year.

Moody's has raised the long-term credit ratings of Singapore Power, SP PowerAssets and SP Group Treasury from Aa2 to Aa1. Together with the upgrade by S&P in July 2021, SP Group is now rated Aa1 by Moody's and AA+ by S&P. This signals the strong financial position of the SP Group. The updated ratings also represent the highest credit ratings that SP Group has achieved since 2003.

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TOWARDS A LOW CARBON, SMART ENERGY FUTURE

We develop and invest in solutions to enable the integration of more renewable energy sources in Singapore's energy mix. We are accelerating the development of greener buildings and cities to achieve Singapore's ambitious sustainability targets.

In our Sustainability Review, we outline progress in our Strategy 2030, with initiatives and

outcomes captured under the United Nations Sustainable Development Goals 7 and 9 which are to ensure access to affordable, clean and sustainable energy for all, build reliable infrastructure, promote inclusion and industrialisation, and foster innovation.

SP is the largest district cooling solutions provider in Singapore. In the past year, we welcomed five

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new upcoming developments to our flagship Marina Bay network, expanding our district cooling services to a total of 28 buildings that will benefit from our energy-efficient cooling services by 2026. This will help reduce almost 20,000 tonnes of carbon emissions annually, equivalent to removing 17,672 cars off our roads.



We are building Singapore's largest industrial district cooling system that will serve ST Microelectronics (ST) at its Ang Mo Kio Technopark premises. Built in partnership with Daikin, it will have a cooling capacity of up to 36,000 refrigerant tonnes (RT), reaping 20 per cent savings in cooling-related electricity consumption for ST annually. When operational in 2025, the system will enable ST to reduce carbon emissions by up to 120,000 tonnes a year at the premises, equivalent to taking 109,090 cars off the road.

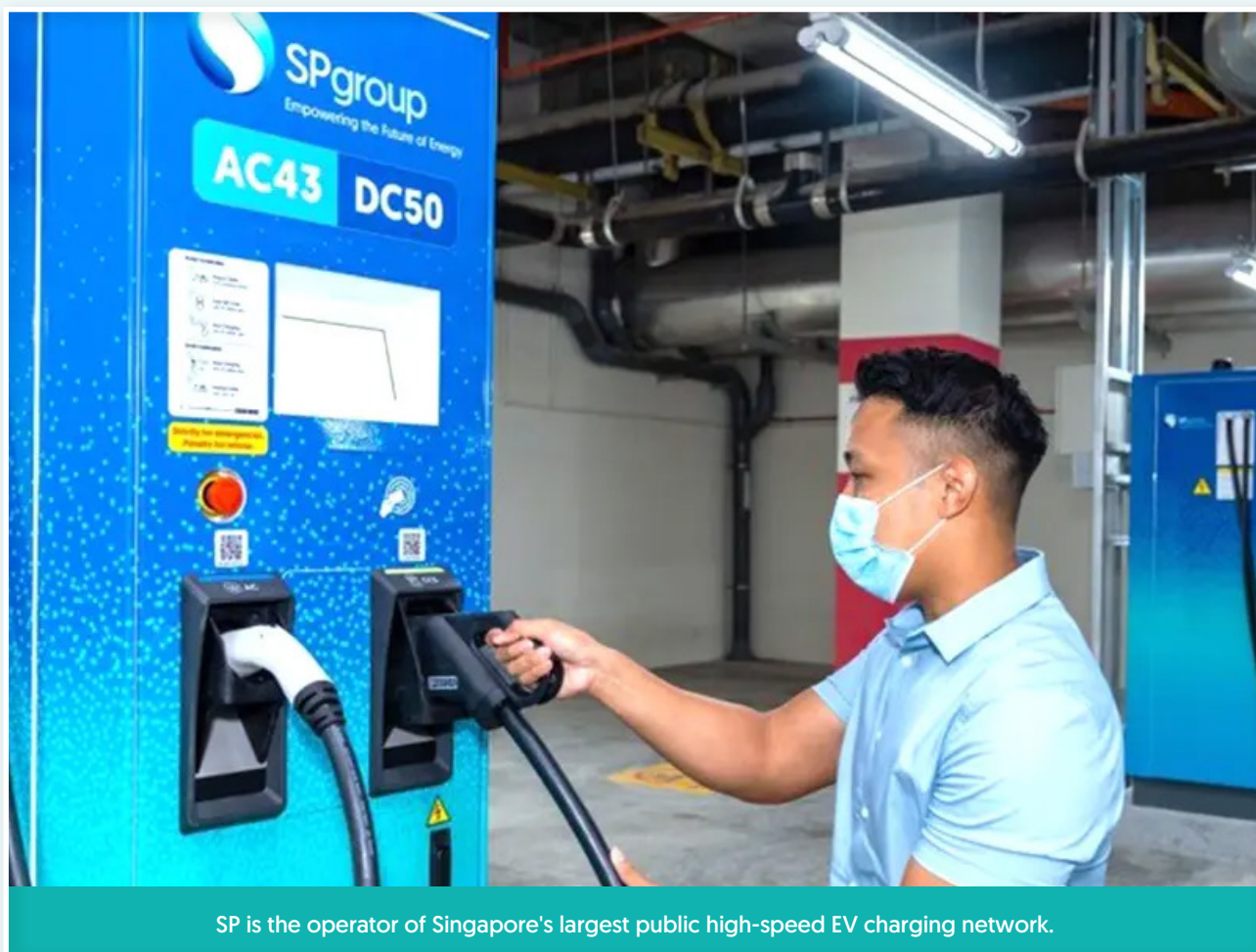
Tampines will be Singapore's first town centre to be retrofitted with SP's cooling solution. Seven buildings will be plugged into SP's distributed district cooling network, which is specially engineered for brownfield developments. The network will be completed and operational in 2025.

In collaboration with the Housing and Development Board, we are progressing well in developing Singapore's first residential centralised

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cooling system for up to 22,000 households at the upcoming Tengah housing estate by 2023. As at 31 May 2022, there are 7,616 households – 90 per cent of units allocated – that have opted for SP's centralised cooling solution.

When these projects are completed, SP will be operating a total of 158,200 RT of cooling capacity, reinforcing SP's position as the largest provider of district cooling solutions in Singapore.



SP is making strides in decarbonising Singapore's transportation system. To accelerate our nation's transition to electric mobility, we are building an extensive and highly accessible electric vehicle (EV) charging network across Singapore. With 525 EV charging points at over 100 locations as at 31 May 2022, SP is the operator of Singapore's largest public high-speed EV charging network.

A first in Southeast Asia, SP rolled out a vehicle-to-grid (V2G) technology trial in 2021 to test and verify the possibility of tapping energy stored in EVs. This is to enhance grid reliability in order to support more than 600,000 vehicles when Singapore phases out internal combustion engine vehicles by 2040.



A first in Southeast Asia, SP rolled out the vehicle-to-grid technology trial to enhance grid reliability as Singapore phases out internal combustion engine vehicles.

We are partnering Sembcorp Industries and Sarawak Energy to undertake a feasibility study for the development of cross-border transmission infrastructure for power exchange between Sarawak and Singapore.

SP is deploying expertise in renewable energy solutions across several industrial and commercial properties. Last year, we deepened our partnership with Sembcorp Marine to deploy 4 MWp of solar energy across seven rooftops at the Tuas Boulevard Yard. With the additional rooftop solar installation, the yard's solar power capacity of 8.5 MWp will deliver up to 10,400 MWh of electricity annually – enough to power more than 2,300 four-room flats per year. The solar energy generated will be integrated and optimised via SP's Green Energy Tech [GETTM] to provide intelligent and reliable energy

management to realise significant energy savings.

With solutions like GET TenantCare, a smart and automated tenant sub-metering solution powered by SP Digital's advanced metering infrastructure, we are empowering commercial customers, building owners and landlords to manage tenant utilities consumption efficiently.

To date, 31 buildings, including Tampines Town Council, Defence Science and Technology Agency and Mercatus Co-operative Limited [Mercatus], are onboard the GET programme.

Mercatus will deploy SP's GET solutions and more than 700 smart electricity meters at three of its properties, namely AMK Hub, One Marina Boulevard and Jurong Point. Our suite of digital

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solutions will help building owners enhance their operational efficiency, allowing them to deliver greater value to their tenants while advancing their own sustainability agenda.

The SP app is a key enabler for our sustainable energy solutions to be accessible and

convenient for consumers. As at 31 May 2022, the app has been downloaded 1.58 million times. Users benefit from tools, developed by SP Digital, that shape green lifestyle practices. Ground-up initiatives like GreenUp encourage users to take up sustainable and practical challenges and earn rewards.

LEADING IN SUSTAINABLE ENERGY SOLUTIONS IN ASIA PACIFIC



With our established track record in Singapore, there is growing demand for SP's expertise in sustainable energy solutions in regional markets. In China, SP is partnering the Wuhou district, to transform the largest of five city centre districts in Chengdu, to a smart eco-district. SP will deploy district cooling and heating, smart metering, energy management and monitoring solutions to accelerate the city's urban renewal masterplan.

The project is a testament of SP's expertise and capabilities in these low-carbon, smart energy solutions. Also underway are distributed solar projects in Shandong and Sichuan provinces.

In Vietnam, we established our presence in Ho Chi Minh City and entered into a joint venture with Bamboo Capital Group Energy to develop 500MWp of rooftop solar assets power for

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commercial and industrial customers. The joint venture has been welcomed by the market, as evidenced by the agreement with Vinamilk – Vietnam's largest dairy company – for us to install rooftop solar across its nine factories and seven farms.

We have inked a memorandum of understanding with Banpu NEXT to develop sustainable energy solutions in Thailand including district cooling, cross-border renewable energy certificates platform and distributed solar projects.

EMPOWERING OUR PEOPLE

We believe an engaged workforce is one where people are valued and equipped to contribute optimally. Notwithstanding the challenges of working with pandemic restrictions, our all-time high Employee Engagement Survey score of 87 per cent gives confidence of the strong commitment of our workforce to Strategy 2030 and our brand position of empowering the future of energy.

We concluded four Collective Agreements with the Union of Power and Gas Employees. Various enhancements have been introduced including salary ranges, medical subsidies, and benefits to promote health, fitness and family bonding.

As we develop the capabilities of our people and equip them for transformation in the energy landscape, we invested S\$8 million and a total of 179,000 training hours last year.



SP appointed seven senior engineers as Technical Experts to groom the next generation of engineers in emerging areas such as High-Pressure Gas Engineering, Condition Monitoring and Power Quality.

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To deepen engineering knowledge and capabilities, we have introduced a Technical Expert development scheme and appointed seven senior engineers as our initial batch of Technical Experts. Backed by their wealth of knowledge and experience, they are mentors in grooming the next generation of engineers in emerging areas such as High-Pressure Gas Engineering, Condition Monitoring and Power Quality.

With growing concerns about mental well-being, we have introduced a holistic series of initiatives under SP's Workplace Health Programme for our 3,600 strong workforce. An Employee Assistance Programme was set up to offer a counselling channel to help staff deal with personal and work-related issues. Close to 100 of our staff have been trained as Care Ambassadors to render peer support and provide relevant assistance to colleagues who wish to seek professional help.

SUPPORTING VULNERABLE COMMUNITIES



SP has donated S\$1.35 million to the Institute of Technical Education to set up the SP Group Engineering Study Award.

We have remained steadfast in giving back to the community, through staff volunteerism, philanthropy and skills-based contributions. Last year, SP's corporate social responsibility contributions totalled S\$4.5 million in donations, sponsorships and volunteer manpower.

In our annual SP Power Packs Charity Drive, we have committed a record high S\$1.1 million to benefit 10,000 families, many of whom are seniors from low-income household. This five-fold increase from previous years enables us to provide more vulnerable families with essentials and care kits to guard against the pandemic.

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SP has extended support to youth by donating S\$1.35 million to the Institute of Technical Education to set up the SP Group Engineering Study Award. The funds will provide monthly financial support to 450 engineering school students from low-income families over the next three years.

Since the launch of SP Kids at Heart in July 2021, SP Heart Workers – our staff volunteers – have put in time and effort to pack and deliver learning resources to pre-schoolers from low-income families, as part of our ongoing support to KidSTART.

With the support of our business associates and

the public, we raised S\$1.8 million for the SP Heartware Fund towards programmes for seniors and pre-schoolers last year, making it a total of S\$18 million since 2005.

United in Singapore's pandemic defence, our team of call agents doubled up as Home Recovery Buddies at MOH's Case Management Contact Centre, to support those who have tested positive for COVID-19. Our call centre has also served as the public hotline for Temasek Foundation's Stay Prepared initiatives and handled more than 180,000 phone calls during the provision of free face masks, hand sanitiser, oximeters and mouth gargle to all households in Singapore.

IN APPRECIATION

I would like to record my appreciation to Mr Ng Kwan Meng, who retired from the Board on 29 July 2022, for his invaluable contributions. I welcome Prof Yaacob bin Ibrahim who joined the Board in September 2021. I am also grateful to all Board members for your guidance and counsel.

On behalf of the Board, I would like to express my appreciation to the management and staff for your unwavering efforts, pivoting to seize new opportunities for growth and transformation. I thank our shareholder, business partners, union and regulator for their close collaboration and continuous support.

As we rise above the challenges of the past two years and embrace new opportunities, the future remains uncertain. However, I believe that with the strong partnership forged with our stakeholders, we will remain committed to creating greater value for our customers and empowering the future of energy together.

Mohd Hassan Marican

Chairman
August 2022