

# Message from the Chairman and Group CEO

## Introduction

As the world emerged gradually from the COVID-19 pandemic, countries and businesses had to grapple with challenges such as high inflation, heightened geopolitical tensions, extreme weather, resource depletion and social inequities.

Against this backdrop, SMRT adopted “Kaizen for Sustainability” to guide us in our operations and decision-making, for the betterment of our commuters, communities and company.

We have reduced our carbon footprint, supported communities and implemented fair practices while expanding our businesses. We actively engaged our stakeholders to identify opportunities for enhancing our sustainability practices and measures. To reaffirm our commitment to sustainability, we developed the SMRT Sustainability Statement which captures our green values and culture, engage employees and rally all to be responsible stewards.

## Green Champion

Environmental sustainability is a top priority, and we spare no effort to minimise the carbon footprint of our existing operations. Electricity consumption, vehicle emissions and waste generation have direct and indirect impacts on the environment. To mitigate these impacts, we are committed to halving our 2010 greenhouse gas emissions by 2030 and in the longer term, to achieve Net Zero by 2050 to support Singapore’s climate ambition.

## Reducing Carbon Footprint

We track our Scope 1, 2 and 3 emissions and implemented various initiatives to promote environmental sustainability throughout SMRT and the transport ecosystem. We aligned our business strategy with our sustainability agenda, and developed green mobility solutions and businesses for ourselves, our partners, our contractors and our customers. We conducted a workshop with our suppliers and vendors to raise awareness and to quantify their impact on our Scope 3 emissions.

To help Singapore become a Green Nation, we pledged to be a champion under the Green Nation Pledge, supported by the Ministry of Sustainability and Environment. As a champion, we set a net zero target year, started a sustainability initiative to help other organisations in their sustainability journey, among other targets.

We continue to electrify our taxis, buses, and commercial vehicles. As of March 2023, STRIDES Taxi had an electric taxi fleet of 300. STRIDES Taxi is the first operator to operate a sizeable fleet of electric taxis in Singapore and will continue to convert our vehicles into an optimal, sustainable fleet, leveraging data and digital capabilities. SMRT Buses is working closely with the Land Transport Authority (LTA) to trial and operate more electric buses. Two pantograph chargers have been installed at Bukit Panjang Integrated Transport Hub to enable quick and efficient charging of electric buses during their layover times of 10 to 15 minutes. At the same time, our subsidiary STRIDES Mobility aims



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to fully electrify our commercial bus fleet by 2030.

We continue our journey to harness renewable energy at our premises. SMRT Trains is installing an additional 1.56MWp photovoltaic (PV) system in Bishan Depot. In March 2023, we collaborated with

LTA to establish a contract to install PV systems at 9 of our existing MRT stations, with a total estimated capacity of 1.77MWp. When fully completed, SMRT’s total solar power generation capacity across our premises will be 8.8MWp – capable of generating an estimated 10,500 MWh per year, equivalent

to powering over 2,300 four-room public housing flats and avoiding about 4,280 metric tons of carbon dioxide per year.

Besides using green energy, SMRT Trains is also developing Green Station and Green Communications-Based Train Control (CBTC) to reduce energy consumption. Green Station utilises artificial intelligence (AI) algorithms to predict heat load and reduce energy consumption by 5-10 percent without compromising commuter comfort. Co-developing Green CBTC with Thales, SMRT Trains targets to reduce traction energy requirement of the North-South and East-West Lines by 15 percent via advanced coasting, adaptive slow running and regenerative braking.

As a major public transport operator, we play a key role in helping Singapore fulfil its SG Green Plan 2030. The green MRT network that we are operating is expanding. The Thomson-East Coast Line (TEL) Stage 3 started operation in November 2022, and Stage 4 will be ready in 2024. With an expanded network and COVID-19 in its endemic phase, we look forward to serving more commuters, and helping Singapore become greener. Our retail and advertising arm, Stellar Lifestyle, launched Staytion Spaces at Marsiling, Woodlands and Paya

Lebar stations and Staytion Lifestyle Centre at Dhoby Ghaut MRT station in 2022 and 2023, allowing residents to work near their homes, thereby reducing their need for travel.

### Launching New Green Businesses

We have formed our STRIDES Green Tech Group (SGT) to help SMEs to make “great STRIDES for a green future” by accelerating their digitalisation and adoption of green mobility. We are happy to share that SGT can position to be the technology partner and champion for SMEs in Singapore. We believe that electric Mobility-as-a-Service (eMaaS) would be a game changer and the SGT has moved swiftly into this space with the launch of 2 new brands, EVCo and ChargEco, with our JV partners. In addition, we launched a fully owned subsidiary, STRIDES Digital, to spearhead and accelerate the decarbonisation of SMEs with data and digital solutions.

At EVCo, we offer comprehensive solutions for electric mobility and sustainable transportation with its 3D approach (decarbonisation, digitalisation, data). It offers a full spectrum of data-enabled eMaaS services such as decarbonisation planning, operations planning, electric vehicle (EV) leasing, fleet management and maintenance over a proprietary AI-enabled

digital platform. Partners and clients of EVCo include Singapore Environment Council (SEC), Alliance 21 and OTIS, to name a few. Over at ChargEco, we are installing, operating and maintaining EV chargers, as well as provide other EV charging related services, at public and private premises. In February 2023, ChargEco was the first Charging Point Operator to complete the inaugural batch of HDB carpark EV charging points under the LTA's first large-scale tender.

Collectively, our initiatives and new businesses support our partners, SMEs and customers to transform and avoid emissions in the ecosystem.

### Safe and Inclusive Workplace

Workplace Safety and Health (WSH) is our top priority. We prioritise the safety and well-being of our employees and all those who work in our depots, interchanges and network.

We are committed to providing a safe and healthy working environment. We strictly adhere to all relevant safety and health regulations, and continually assess and improve our safety practices to minimise the risk of accidents and incidents. We also prioritise

employee well-being and invest in initiatives to promote physical and mental health, work-life balance, and professional development of staff. We have introduced periodic health screening for safety critical vocations in end 2022, to help our employees to better monitor their chronic illnesses. On top of equipping our Business Units with mental well-being champions, since February 2023, employees can also seek counselling services under SMRT's partnership with Singapore Counselling Centre.

To strengthen our workplace safety culture, our leaders at all levels continued to step up their Gemba Walk. Such walks have boosted employee morale, and helped drive the message “Think Safety, Work Safely and Go Home Safe”.

In July 2023, we held an Inaugural Annual SMRT Contractors' Safety Forum where we shared that SMRT would be reviewing and enhancing its safety considerations in its tender and contract evaluation process. This initiative aims to encourage our current and would-be contractors to place Safety as their top priority when working with SMRT.

We launched the Trains Safety Culture 2.0 in April 2022, where safety was introduced as the first

“S” of the Kaizen methodology. We engaged world leading safety expert Professor Hudson to guide SMRT Trains on organisational safety culture, and what we can do to improve and meet the safety standard of leading industries in safety like Oil & Gas and Aviation. Leading and lagging indicators were also put in place to benchmark and monitor our safety performance.

At the inaugural Public Transport Safety and Security Awards Day in August 2022, Bukit Panjang Light Rail Transit (BPLRT) won the Operational and Workplace Safety Award for Rail Operator, while Circle Line (CCL) received the Merit Award for the same Award.

### Developing Sustainable Workforce

In SMRT, we provide not only a job, but a career. To create a sustainable and competent workforce pipeline, we believe every employee has the innate learning capacity and ability, and it is our responsibility to provide the right environment for training and professional development. We embarked on multiple manpower development efforts such as Memorandums of Understanding with Institute of Technical Education (ITE), 5 polytechnics and Singapore Institute of Technology (SIT). We launched the Internship Conversion Programme (ICON) to attract and retain our talented, committed

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interns. Our existing workforce are also provided LEAP sponsorship (Learning through Educational Advancement Programme) and leadership training (e.g. Emotional Intelligence and People Development), which contributes to a more productive and sustainable workforce.

We encourage all employees to embrace Lifelong Learning for Effectiveness, so that they can remain effective and relevant in a rapidly changing world with advanced technology such as digitalisation, AI, EV and ESG. We are proud to share the lifelong learning experience of our colleagues, Messrs Muhammad Mulyadi, Patrick Sim, Mohamed Sofian and Goh Kok Khoon.

Muhammad joined SMRT Trains as a Technical Officer in 2001 to kickstart his dream of working with trains. An ITE graduate, he worked towards deepening his engineering knowledge by taking a Diploma in Mechatronics and subsequently, a Degree in Systems Engineering with NUS. He is now a Senior Project Manager with TEL.

Currently Acting Category Manager from Procurement, Patrick is also pursuing a Master's programme to upgrade himself to stay relevant, and adaptable.

Mohamed, a senior learning solutionist from SMRT Institute, wanted to understand more structured ways to manage projects. He signed up for the Google Project Management Course and was particularly interested in learning about waterfall and scrum project management methodologies.

Kok Khoon, a senior supervisor from STRIDES Automotive Services, has been repairing and maintaining internal combustion engines since he joined the company 26 years ago. With the increased electrification of our fleet, he began his foray into EV by completing a course by EVCo to learn about the basics of electrical vehicles maintenance.

We are heartened and inspired by our colleagues' thirst for knowledge, diligence and perseverance and are pleased to be able to support them on their learning journeys.

#### Promoting Inclusive Workforce

We believe in and promote an inclusive workforce. In line with an ageing population in Singapore, we have employed seniors to serve as Service Ambassadors and raised our official retirement age ahead of the government's timeline. To make our workplace more conducive for seniors, we are working with Changi General Hospital to design an “ergonomic workplace” where

seniors can reduce the risk of injury and work in a safer environment.

We are happy to renew our Collective Agreement in 2023, providing economic security and enhanced terms and conditions for our workforce. The strong partnership has enabled us to develop our workforce in a constructive and sustainable manner.

#### Sustainable Travel

For a Public Transport Operator (PTO), building a sustainable future starts with providing safe, reliable and inclusive service. The safety of commuters and passengers is SMRT's top priority, and we constantly seek innovative solutions to enhance commuter safety. The iSafe system at BPLRT, a Kaizen for Safety project, was rolled out in mid-2023. Through carefully positioned cameras and video analytics (VA) technologies, BPLRT Operations Control Centre staff will be alerted to take necessary measures when a commuter is detected on the track or standing within the “Keep Clear” zone on the platform.

In November 2022, the Singapore Rail Discovery Centre (SRDC) @ Mandai Depot was officially opened. More than three decades of Singapore's rail industry achievements and innovations are

featured at the SRDC, the first-of-its-kind permanent exhibition dedicated to Singapore's MRT network. Through the SRDC, we hope to inspire and galvanise the next generation of rail employees and engineers to sustain Singapore's public transport system and maintain its world-class standard.

#### Engaging Communities

Taking an ecosystem approach, we collaborated with LTA and the National Environmental Agency (NEA) to launch our very own Green Living Campaign, which promotes Green Citizenry and Green Commute by leveraging the media spaces in our network. The advertisements provide simple tips on what to do to save the environment, save energy and reduce food waste. This educational campaign complements Singapore Green Plan 2030 and exemplifies how our network can be used for a greater good.

In November 2022, the second edition of our annual signature fundraising event *Tap For Hope* (TFH) was expanded to cover 8 stations and 2 interchanges. Our MRT network enabled our passengers to donate via tapping, an action highly associated with public transport in Singapore, for the first time<sup>1</sup>. This collaboration with the President's Challenge and

<sup>1</sup>For the first edition of TFH, donation was collected via QR code only.

EZ-Link raised over \$40,000 for those in need.

As of December 2022, all 98 SMRT-operated MRT stations (NSEWL, CCL and TEL [till phase 2]) and 4 bus interchanges, including Woodlands Temporary Bus Interchange, are Go-To Ready and certified Dementia Go-To Points. These initiatives provide services such as wayfinding, first aid, location of missing children or the elderly to those travelling in our network, their families, and the communities. We deployed NaviLens to help the visually impaired navigate around 3 SMRT-operated bus interchanges and are studying the feasibility of deploying this app at our MRT stations.

Comic Connect, an initiative to install heritage-themed, comic-style murals to engage the community in the vicinity of our train stations, was launched in June 2022 to commemorate SMRT's 35th anniversary. We collaborated with local artists to showcase the unique heritage and cultures of respective neighborhoods. As of August 2023, such murals have been installed in 18 stations, bringing life to history, sparking connections or trips down memory lanes.

## Governance

In today's digital age, cybersecurity governance plays a critical role in ensuring cyber security and sustainability in our interconnected world. It encompasses the policies, procedures, and practices that SMRT must implement to safeguard our information, systems, and networks from cyber threats. To reinforce cyber resilience, we enhanced operational readiness across both Information Technology and Operational Technology (OT). We aligned ourselves with Cyber Security Agency of Singapore's Cybersecurity Code-of-Practice 2.0 and put together a new cybersecurity governance framework with the support of Rajah & Tann Cybersecurity. We further strengthened the cyber resilience of our systems by establishing a strategic partnership with Ensign Info-Security.

We have raised internal cybersecurity awareness through e-learning, webinars and sharing of case studies with employees, as well as phishing simulation exercises. A Memorandum of Understanding was also signed with the Centre for Cybersecurity in March 2023 to collaborate on OT cybersecurity training. Through

all these efforts, we hope to build a secure and resilient digital ecosystem.

To encourage our vendors to become more sustainable, we attribute a five percent weightage for sustainability considerations for tenders above \$1 million. An inaugural Sustainability Workshop for our value chain partners was organised in February 2023 where we shared our Kaizen philosophy and ways to encourage Kaizen for Sustainability among our employees and our partners.

## Kaizen & Financial Sustainability

Since SMRT adopted Kaizen in 2018, it has empowered our employees to pursue continuous improvement. In FY23, we implemented more than 1,300 Kaizen projects with reported savings of about \$100 million. These Kaizen initiatives are a testament to SMRT's culture of embracing incremental improvements, to raise productivity and cut wastage. Our newest train line, the Thomson-East Coast Line (TEL) has also implemented many Kaizen projects in the areas of operations, maintenance, and service.

In FY23, SMRT Trains reported earnings before interest and tax or

an operating profit of \$6.1 million, which constitutes an overall profit margin of less than 1 percent.

SMRT TEL also paid a dividend of \$40.8 million to SMRT Trains, contributing to its profit after tax of \$42.5 million in the same year. This payout is from the accumulated profits over the last three years and is the first dividend to SMRT Trains since it commenced operations on 31 January 2020.

## The Journey Ahead

We are pleased that our sustainability proposition has created value for the organisation, through cost avoidance & reduction, innovation, creation of new business opportunities, better access to capital and markets, and attracting the talents who believe in our sustainability agenda.

We will introduce the Taskforce on Climate-related Financial Disclosures (TCFD) framework in our next sustainability reporting to provide added focus on the methodology for assessing and reporting on climate-related risks, opportunities, and strategies. By focusing on the financial implications of climate change, we will be prioritising the issues that are most material to our operations

and businesses, leading to more effective risk management and decision-making.

Our sustainability journey will not be possible without the continued support and efforts of our shareholder, regulator, employees, commuters, vendors, suppliers, and partners. We would like to express our heartfelt gratitude to everyone who is on this journey with us. Through our collective efforts, we have contributed to a more sustainable future for generations to come.

SMRT will *Do Right* no matter how challenging the situation may be, *Do Good* for our workforce, commuters, and communities, and *Do Well* commercially, financially, and sustainably. We will continue to be responsible stewards of key public transport assets as we embark on our journey to *Move People, Enhance Lifestyles*.

**Seah Moon Ming**  
Chairman

**Ngien Hoon Ping**  
Group CEO