FY2022 TCFD Report for Clifford Capital Holdings

(in conjunction with Clifford Capital Pte. Ltd. and Bayfront Infrastructure Management Pte. Ltd.)

Contents

About Us

Clifford Capital Holdings Pte. Ltd. (“**CCH**” or the “**Group**”) is a specialist financing and distribution platform for real assets globally across the debt capital structure, headquartered in Singapore.

Our vision is to build a best-in-class, multi-strategy, sustainable credit platform that will:

- focus on origination, distribution and investment across infrastructure and other real asset sectors;
- support Singapore-based companies in overseas markets; and
- catalyse the development of Singapore as a global infrastructure financing hub.

CCH currently owns three operating companies (“**OpCos**”), namely Clifford Capital Pte. Ltd. (“**CCPL**”), Bayfront Infrastructure Management Pte. Ltd. (“**Bayfront**”) (which is 70% owned by CCH and 30% owned by the Asian Infrastructure Investment Bank) and Pierfront Capital Fund Management Pte. Ltd. (“**Pierfront**”) (a 50:50 joint venture with Keppel Capital) They are supported by CCH Management Services Pte. Ltd. (“**CCHMS**”), an in-house provider of support functions to the Group and OpCos.

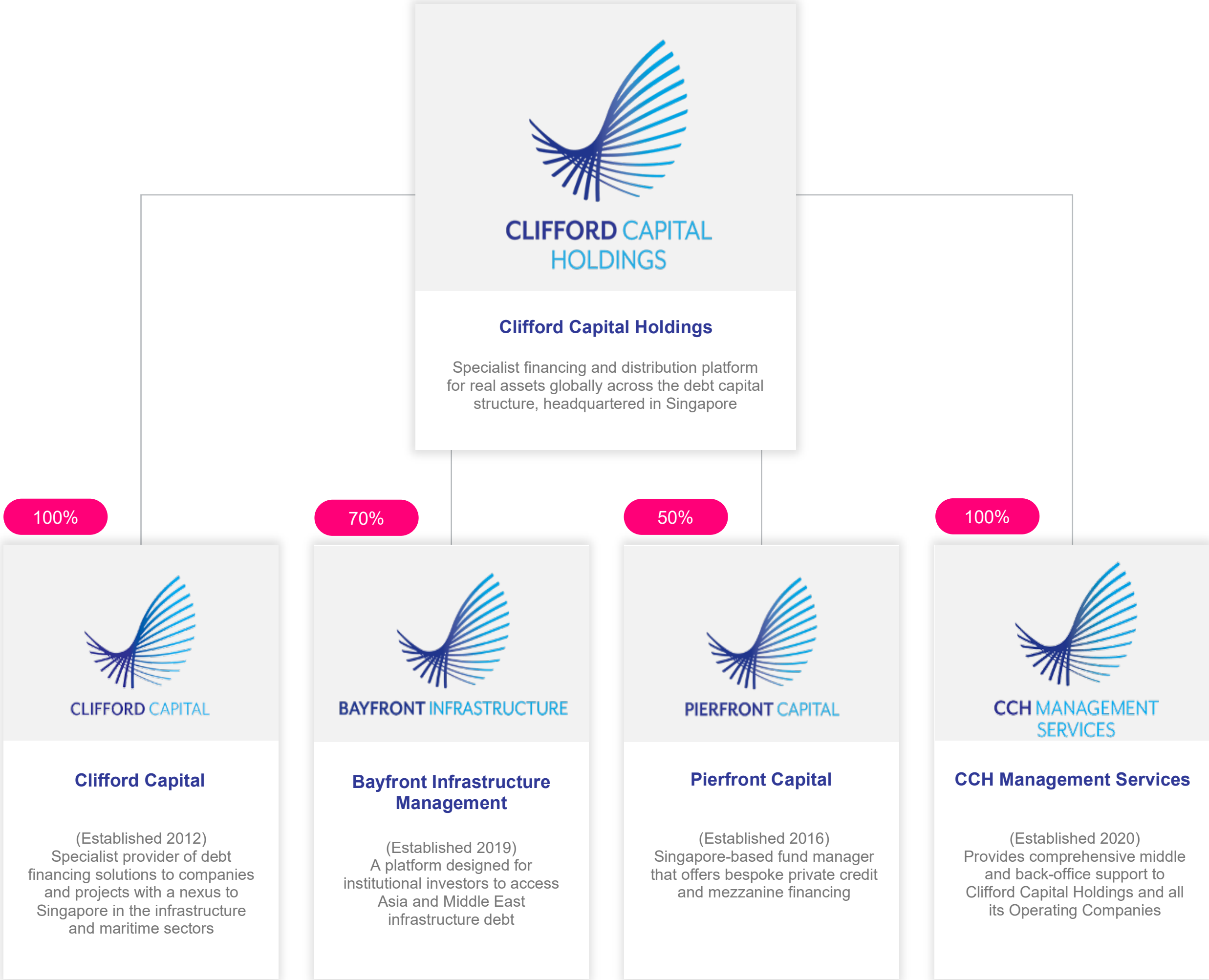
Overview of our Operating Companies

CCPL is a specialist provider of structured finance solutions established with support from the Government of Singapore to help Singapore companies and companies with a nexus to Singapore to grow internationally and capture new business in the global marketplace. It offers competitive and bespoke project finance, asset-backed and other structured debt financing solutions for eligible Singapore-based companies in support of their overseas investments or exports in the infrastructure and maritime sectors.

Bayfront is a Singapore-based entity with a mandate to invest in and distribute project and infrastructure debt in the Asia Pacific and Middle East Regions. It was established in 2019 in connection with the Infrastructure Take-Out Facility initiative, sponsored by the Monetary Authority of Singapore (“**MAS**”), which was designed to help mobilise institutional capital for infrastructure debt in Asia.

Pierfront is a specialist private credit fund manager that offers bespoke private credit financing solutions in real asset sectors across the Asia Pacific region. It was established in 2016 as an independent investment company with a focus on growth capital for asset and corporate acquisition, refinancing and project expansion.

Diagram 1: Overview of the CCH Group



About this Report

This is CCH's inaugural standalone Task Force on Climate-related Financial Disclosures ("**TCFD**") report ("**this Report**"). This Report covers the period of 1st January 2022 to 31st December 2022 ("**FY2022**"), which aligns with the Group's financial period and follows the disclosure structure recommended by the TCFD under four thematic pillars: (i) Governance; (ii) Strategy; (iii) Risk Management; and (iv) Metrics and Targets.

For this report, CCH will only be disclosing climate-related disclosures for CCPL and Bayfront, not Pierfront. As a 50-50 Joint Venture entity with Keppel Capital, Pierfront is working separately with Keppel Capital on its climate disclosures. When reading this report, any mention of "OpCos" will specifically refer to only CCPL and/or Bayfront, unless otherwise stated in the footnotes.

CCH welcomes feedback on this report from stakeholders, which can be submitted at enquiry@ccholdings.sg.

CEO Message

Mr. Clive Kerner
Group Chief Executive Officer &
Executive Director

At CCH, we are committed to promoting sustainable growth within the infrastructure financing remits of our portfolio companies CCPL and Bayfront. Although our OpCos differ in their core missions – CCPL focusses on plugging financing gaps for Singapore companies investing in infrastructure overseas, operating in the maritime sector or exporting infrastructure-related assets, while Bayfront seeks to mobilise investment capital for infrastructure more broadly across the Asia Pacific region – we are united in pursuing a strategy that mitigates climate risk and advances climate opportunities.

To that end, we have adopted the International Energy Agency's ("**IEA**") Net Zero Emissions ("**NZE**") scenario. Our climate ambition is to reach net zero financed emissions (scope 1, 2 and 3) by 2050, and we aim for a 30% reduction in carbon emissions intensity across the portfolios financed by our OpCos by 2030.

This report is intended to provide an overview of how we address the climate-related risks and opportunities facing our businesses, detailing the governance, strategy, risk management and metrics we have put in place. Since our business by nature tends to involve long-dated infrastructure and asset financing, we aim to take far-sighted decisions as to what to finance, decisions which we hope will stand the test of time as the energy transition gathers pace. At the same time, we aim to help our clients seize opportunities arising from the energy transition, whether through supporting their investment in sustainable infrastructure or in replacing high emissions intensity assets with assets which are fit for purpose in a world which needs to decarbonise at speed.

Equally, we will not lose sight of the core missions which our OpCos were set up to serve. In plugging financing gaps for Singapore companies, CCPL has built a client base in areas where Singapore has a competitive advantage, including shipping and infrastructure for offshore oil and gas development. Our intention is to assist clients in these sectors as they undertake their own pivots toward more sustainable business models. Bayfront's mission to promote infrastructure debt as an investible asset class will enable us to provide our investors with access to attractive renewable and transition financing opportunities.

In 2022 we established the Group Environmental, Social and Governance ("**ESG**") Committee to assist our Board in its oversight of our response to rapidly evolving ESG risks and opportunities. Membership of the ESG Committee comprises the chairs of our other board subcommittees, reflecting how we are integrating ESG considerations across our business. To serve the same purpose, our corporate key performance indicators reflect our climate strategy goals. At the working level, we have set up a climate steering committee and a climate working group to execute the implementation of our climate strategy. We have developed and continue to refine tools to assess transactions in terms of physical risk, transition risk and emissions intensity, so that we can embed climate risk considerations in our transaction approval process.

While we take pride in what we have achieved to date, we acknowledge that we are in the early stages of implementing our climate strategy and this will be an ongoing journey where we will take into consideration developments in the infrastructure financing sector, as well as advances in climate and ESG tools, and any emerging disclosure requirements. We hope this, our first TCFD report, marks an initial disclosure milestone on the journey on which we have embarked.

Governance

Oversight of climate-related risks and opportunities

The CCH Board of Directors has overall responsibility for our climate strategy, frameworks, policies and procedures, including oversight of climate-related risks and opportunities.

CCH has established a governance structure to enable the Group and the OpCos to identify and review climate-related risks and opportunities. Dedicated climate committees and working groups were formed to ensure that the reporting of material climate-related issues reaches the organisation's senior leadership effectively and regularly to ensure strong oversight.

Diagram 2: Overview of Group climate-related Governance structure

Governance Framework

Below are details of each climate-related committee, their respective roles and responsibilities, and how they work closely with one another to take an integrated approach.

Climate-related committees	Roles and responsibilities
Climate Working Group *Comprises senior representatives from the OpCos and from the Group Risk team within CCH*	• Provides monthly updates to the Climate Steering Committee on key climate initiatives. • Convenes periodic discussions on the implementation of climate-related processes within the group and any material climate risks and opportunities that may arise. • Guides a group-wide approach and sets priorities for initiatives, and monitors implementation roadmaps for CCH OpCos. • Monitors and ensures that CCH OpCos are complying with climate risk frameworks.
Climate Steering Committee *Comprises relevant members of the CCH Executive Committee (“**ExCo**”)* [1]	• A CEO-led agenda, which serves as an executive forum for discussions and operational decision-making on ESG matters. • Meets quarterly to discuss material climate topics and provides updates to the CCH Board of Directors. • Oversees the Climate Working Group and reviews updates and recommendations which are provided on a monthly basis. • Tracks progress against the implementation roadmap for initiatives, metrics, and targets.
CCH ESG Committee *Comprises CCH chairs from the respective board subcommittees: Risk, Audit, and Development & Compensation*	Oversees overall ESG matters in ensuring a holistic focus and coordination within the Group, to stay abreast of evolving ESG risks and opportunities. In respect of climate, the focus is on the following areas: • Reviews new and existing transactions approved by the respective OpCos that are assessed to be high in transition or physical risk and examines the mitigants and strategy in place for managing such risks; • Reviews material emerging climate risk-related incidents, and material climate-related matters resulting from CCPL’s and Bayfront’s existing portfolios; • Reviews and approves material changes recommended to ESG risk frameworks and policies, and provides recommendations to the OpCo Boards for approval; and • Provides guidance to the OpCos on existing and new climate risk tools.

[1] The principal responsibilities of the CCH ExCo include reviewing CCH Group performance and approving new group-wide strategic initiatives, implementation and oversight of Group framework and policies, as well as ensuring alignment of interests among the CCH OpCos.

CCH Risk Committee	Oversees and supports the Entity Boards in establishing and supervising an appropriate risk management and framework, covering all risk categories including ESG risks. In respect of ESG risk, the focus is in the following areas: • Reviews material ESG risks that may impact financial performance and/or reputation, managing in coordination with the CCH ESG Committee.
CCH OpCo Boards of Directors	• Review and approve updates to their respective ESG Frameworks, following recommendations and discussions with the CCH ESG Committee and Risk Committee as appropriate. • Approve strategic business plans and corporate goals which would include forecast expenditure into climate-related initiatives and climate-related corporate targets.
CCH Board of Directors	• Discusses material ESG risks and opportunities on the agenda as escalated by the CCH ESG Committee on an ad-hoc basis.

Each CCH OpCo has its own ESG frameworks and policies, which are directly overseen by their respective Boards. This provides our OpCos with a degree of autonomy in screening the transactions they undertake, noting the different underlying missions of CCPL and Bayfront. CCH is responsible for each OpCo's governance processes and ensures that they align with CCH's long-term climate targets and policies.

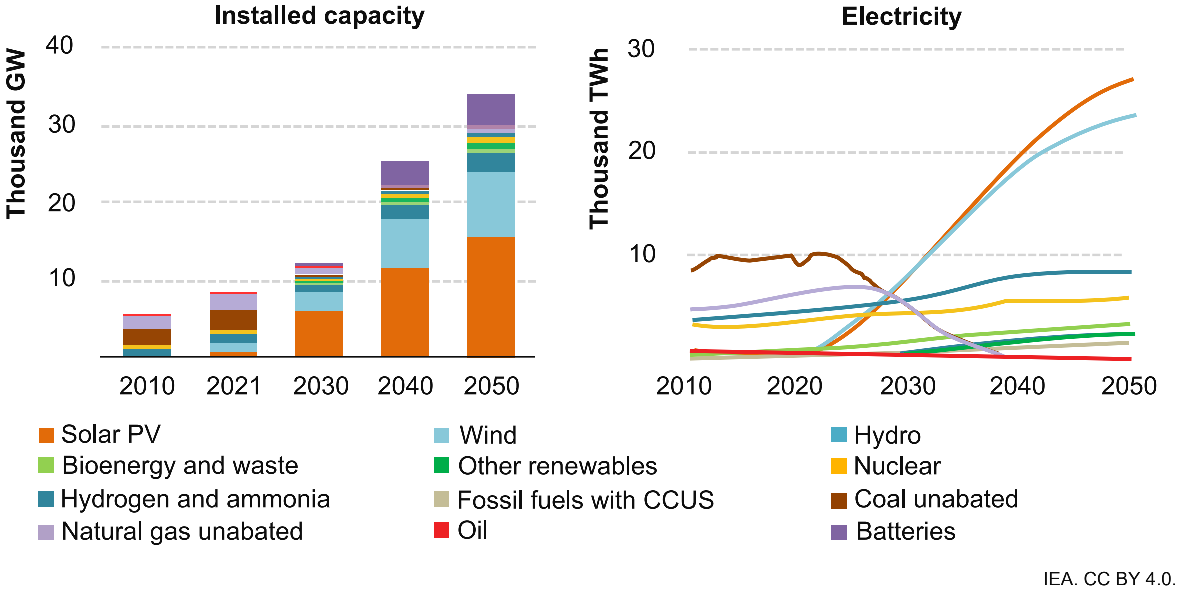
Strategy

Our Ambition

Recognising the impact of climate change and the need to take urgent action, CCH in 2022 initiated a group-wide exercise to incorporate the consideration of climate-related risks and opportunities into our long-term strategic plan as well as our decision-making processes within our business operations.

As a first step, CCH and our OpCos have aligned with the IEA NZE scenario[2] by 2050 as our stated climate ambition to align with a science-based pathway. Our interim climate target is a 30% reduction in the carbon emissions intensity across portfolios financed by OpCos by 2030. In this regard, financed emissions include scope 1, scope 2, and scope 3[3].

Diagram 3: Global electricity generation by source in the NZE by the IEA[4]



Total electricity generation nearly triples to 2050, with a rapid shift away from unabated coal and natural gas to low-emissions sources, led by solar PV and wind

CCH will work with the OpCos to establish their respective emissions reduction glide paths. We have opted to measure economic emissions intensity[5] rather than absolute emissions because it allows for portfolio level analysis and for the gradual decarbonisation of our portfolios. To provide more context, our OpCos serve many clients with infrastructure projects in emerging markets and developing economies whose decarbonisation pathways need to be balanced with sustainable growth and just transition. Some of our clients are also operating in

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[2] The Net Zero Emissions by 2050 Scenario ("**NZE**") is a normative International Energy Agency scenario that shows a pathway for the global energy sector to achieve net zero CO2 emissions by 2050.
[3] Currently, scope 3 emissions are excluded for Shipping transactions due to lack of data availability and quality.
[4] Source: World Energy Outlook 2022 by IEA, Figure 3.1 - https://iea.blob.core.windows.net/assets/830fe099-5530-48f2-a7c1-11f35d510983/WorldEnergyOutlook2022.pdf
[5] The economic emissions intensity is defined as the amount of financed carbon emissions per dollar invested.

sectors that are hard to abate and will require more time and resources to transit and decarbonise.

To achieve our ambition, CCH and its OpCos have undertaken a two-pronged approach:

1. **Identification of material climate-related risks for CCH's OpCos and incorporation of these risk factors into the overall credit assessment process for each OpCo.**

We have identified and assessed the potential impact of climate change on our OpCos' portfolio of investments and loans. These climate-related risks are illustrated in Diagram 4 under the "Risk Management" section.

2. **Development of climate aligned strategies at each OpCo, in order to capture the opportunities and help global economies climate-advance their transition as they decarbonise.**

Each OpCo has refreshed its strategic plan to ensure alignment with the IEA NZE climate ambition.

CCPL

CCPL's mission is to provide competitive project and structured financing solutions in support of Singapore-based companies in the infrastructure and maritime sectors, as they seek new business opportunities in overseas markets.

It is estimated that around US$9.2 trillion per year on average will need to be spent on physical assets for energy and land-use systems for the global economy to transition to net zero by 2050, out of which US$3.1 trillion will need to be spent in Asia[6]. Singapore-based companies are rapidly adjusting their strategies and plans to capture these new growth opportunities, and in doing so, pivoting away from the more highly emitting sectors such as thermal power generation and the building of vessels used in offshore oil and gas exploration and production, in which they historically had competitive strengths.

CCPL is committed to supporting these companies as they make this transition to green. To do so effectively, CCPL has also shifted its focus to strengthen its capabilities, particularly in renewables and other emerging areas such as green hydrogen and nature-based solutions.

With this new focus, CCPL expects that green and sustainable infrastructure projects will form an increasing proportion of its portfolio over time, and this paves the way for a reduction of its emissions intensity towards 2050.

Bayfront

Bayfront's mission is to promote infrastructure debt as an investible asset class and is committed to contributing meaningfully to the United Nations Sustainable Development Goals ("**UNSDG**") through the mobilisation of institutional investment in sustainable infrastructure financing. By facilitating the recycling of capital by banks through loan take-outs, Bayfront aims

[6] McKinsey 14 Sep 2022: Green Growth: Capturing Asia's $5 trillion green business opportunity.

to help banks and institutional investors channel additional capital into financing green and social projects. For more information, please refer to [Bayfront's TCFD report].

Showcasing an example of Bayfront's climate-related opportunities, we highlight Bayfront's Class A1-SU notes, which was the first publicly issued securitisation sustainability tranche to be listed on the Singapore Exchange. These notes are backed by eligible green and social assets that contribute to the UNSDGs.[7]

Below is an excerpt from Bayfront's FY2022 Impact Report showing how Bayfront's A1 SU notes directly lead to real environmental impact.

	Total project Impacts			Bayfront's Share of impact	
Use of Proceeds	**Installed Capacity (MW)**	**Aggregated Annual Renewable Energy Generation (MWh)**	**Estimated Annual GHG[8] Emissions Avoided (tCO2eq)**	**Annual Renewable Energy Generation (MWh)**	**Estimated Annual GHG Emissions Avoided (tCO2eq)**
Hybrid (Solar & Wind)	990	1,145,297	795,867	11,358	7,892
Solar Energy	582	1,094,219	748,097	61,454	42,283
Wind Energy	1,021	1,926,305	1,322,475	35,176	24,186
Run-of River Hydropower	55	329,881	254,899	22,653	17,504
Total	**2,648**	**4,495,703**	**3,131,338**	**130,641**	**91,866**

We believe that the market demand for sustainable financial products will increase over time, therefore we will continue to pursue opportunities in this developing market.

[7] For more info on eligible green and social assets for Bayfront's Class A1-SU notes and Bayfront's Impact, please visit https://www.bayfront.sg/sustainable-finance, or refer to "Bayfront's Infrastructure Capital II/III Class A1-SU Notes – Post Issuance Impact Report (FY2022)" in the link.
[8] For this report, GHG is defined as "Greenhouse Gas"

Risk Management

Group ESG Principles

ESG and climate risks are interconnected and interdependent. Addressing one type of risk often requires considering and managing the others. Hence, at CCH, climate change is assessed and managed alongside other ESG risks as part of CCH's ESG principles. The Group ESG principles, which guides the framework for assessing ESG and climate-related risks, is made up of the following three pillars to ensure a thorough assessment of potential risks and their impacts in a holistic and methodical manner.

These three pillars form the bedrock of each OpCo's ESG framework.

Pillar	Objectives	Key Components
E&S (“**Environmental and Social**”) **Impact Assessment**	Assess E&S impacts of projects financed	Exclusion List All transactions are screened against an Exclusion List, specific to each OpCo, which is an important tool for us to manage our portfolio's exposure to E&S risks. For more information, please refer to CCPL's Exclusion List, and Bayfront's Exclusion List. Sector Guides Respective OpCo sector guides provide tailored guidance and best practices for managing risks that are specific to a particular industry or sector. E&S Monitoring and Reporting During the post-investment phase, both OpCos will monitor any E&S developments of their investments on an ongoing basis, and review E&S reports provided by the underlying obligors on a periodic basis.
Governance Risk Assessment	Evaluate and manage the potential risks associated with the governance practices of the assets financed by the OpCos	Governance Risk Assessment Policy The screening and review conducted allow the OpCos to identify potential risks that may arise due to inadequate governance practices of their prospective Borrowers.
Climate Risk Assessment	Assess the climate-based impact of every transaction, from both a physical and transition risk perspective	Climate Risk Scorecard The climate risk scorecard considers sector and geographical criteria along with features of the financing to produce the final physical and transition risk scores. A range of scores has been defined for "Low", "Medium" and "High". A “High” score outcome requires the OpCos to focus on the key risk drivers, consider proposed mitigation options and demonstrate that they have developed strategies to manage and mitigate these risks.

Identifying and assessing climate-related risks for CCH and our OpCos

CCH and our OpCos have identified key climate-related risks that could have a material impact on our current portfolio of investments and loans. These risks, categorised into physical and transition risks, are incorporated into the firmwide risk taxonomy.

We recognise that climate-related risks may materialise through other existing risk categories, which include both financial and non-financial risks, i.e., credit, market, operational, liquidity, reputational and concentration risk. This identification process is important to help inform our climate strategy. Examples of the impact of climate change on broader categories of risk within CCH and our OpCos are further illustrated in the chart below.

Diagram 4: Examples of Potential Climate Risk Impacts on CCH's OpCos

Physical Risk

Risks which arise from climate and weather-related events which can result in financial losses or other adverse organisational impacts.

Acute Risks

Increased severity and frequency of extreme weather events such as floods, hurricanes, droughts, and wildfires.

Chronic Risks

Increase in mean temperatures, increased variability of precipitation patterns, and sea-level rise.

Transition Risk

Risks which arise from the process of adjustment towards a low-carbon economy which could prompt reassessment of the value of a range of assets.

Regulatory Risks

Policy/regulatory changes such as carbon taxes, reporting standards, building energy efficiency standards, and carbon footprint.

Technology Risks

Cost parity of renewable energy, emission abatement advancement, increased market demand of enabling tech.

Stakeholder Risks

Market shifts away from carbon-intensive sectors by institutional investors, shareholders, insurers, and other lenders.

Risk Categories

Examples of the impact of climate change on broader categories of risk include:

Credit risk

Higher probabilities of default and/or diminishing asset value due to:

i. Increased operating and/or regulatory cost and lower revenue generation arising from transition risk, e.g., potentially increased operating costs from carbon taxes; technology developments that could potentially increase the likelihood of stranded assets; and/or

ii. Damage to physical assets resulting in economic losses (adverse environmental conditions could affect the financial performance linked to those assets).

Market risk

Variability in the value of assets held as collateral due to:

i. Linkage of fossil fuel-based assets and other carbon intensive sectors; and/or

ii. Vulnerable regions impacted by extreme weather events or change in local weather patterns.

Liquidity risk

Shifts in investor or client sentiment on sustainability and climate issues could lead to a decline in market demand for our financial products, and potential divestments or liquidity outflows.

Operational risk

New reporting standards and/or regulatory requirements may result in substantial alterations to business procedures and overhead expenses.

Reputational risk

Real or perceived lack of progress made towards climate-related commitments, as well as how we provide disclosure around climate-related matters. Association with clients deemed to be poor in managing climate-related risks.

Concentration Risk

Subsets of the portfolio in either of the OpCos situated in the same sectors or geographic region could suffer from concurrent and significant losses in value due to the materialisation of physical risks and transition risks.

CLIFFORD CAPITAL HOLDINGS

Integrating Climate Risk Assessment with our Credit Assessment Process

We have also embedded our climate risk analysis into all stages of the credit assessment life cycle for each of our OpCos as detailed below:

Investment Stage	Climate risk analysis conducted
Pre-screening stage	Assessment of climate risk of the transaction features using the climate risk scorecard. Should the physical or transition risk be assessed to be high, OpCo will need to provide full analysis, including strategic rationale and mitigants for participating in the financing.
Credit Approval stage	Detailed assessment of all key climate risks and mitigants is conducted based on available information from the Borrower, as well as analysis of material risks such as potential regulatory shifts and the risk of obsolescense due to the emergence of green alternatives. For any OpCo ExCo meeting approving any transaction, approval requires a quorum including the Chief Risk Officer or his appointed delegate.
Annual Review stage (post-investment)	Climate analysis is refreshed at every annual credit review with a focus on any deterioration in physical or transition risk scores that will engender further review, monitoring and potentially action by the respective OpCo's portfolio management team.

Metrics and Targets

Metrics and targets are essential in measuring CCH's progress towards achieving our climate targets and managing climate risks.

We are committed to continually updating and improving the metrics we use to monitor and manage climate-related risks as the data, methodologies, and extent of disclosure for measuring these metrics evolve. In line with this commitment, since January 2023, CCPL and Bayfront have commenced the computation and monitoring of the economic emissions intensity of assets within their respective portfolios.

Carbon emissions data of our financed assets are derived from a combination of disclosures from clients and proxy data where the former is not available. Challenges remain in relation to climate information such as quality data, insufficient coverage in disclosures of non-publicly listed companies, and the limited availability of comparable forward-looking information. We are continuing to monitor the market and landscape for better quality tools and data.

Target	Key Performance Indicators selected for FY2023
In order to align the OpCos' financing and distribution activities with the goal of mitigating the impacts of climate change, we have set an overall ambition of net zero by 2050.	▪ Economic emissions intensity targets also now form part of OpCos' corporate scorecards, which are a factor in determining variable remuneration. ▪ Improving climate-related disclosures, which include the publication of our initial TCFD report.

In addition, we understand that different industries within the OpCos' portfolios have different emissions profiles and decarbonisation pathways. We remain actively committed to enhancing and refining the methodology, approach and process used to determine emissions reduction targets.

Concurrently, we are also reviewing our Scope 1, Scope 2, and Scope 3 GHG emissions and aim to disclose this data in future years.

Glossary

Bayfront	Bayfront Infrastructure Management Pte. Ltd.
CCH	Clifford Capital Holdings Pte. Ltd.
CCPL	Clifford Capital Pte. Ltd.
ESG	Environmental, Social, and Governance
E&S	Environmental and Social
GHG	Greenhouse Gas
IEA	International Energy Agency
NZE	Net Zero Emissions
OpCos	Operating Companies
Pierfront	Pierfront Capital Fund Management Pte. Ltd.
UNSDG	United Nations Sustainable Development Goals
TCFD	Task Force on Climate-related Financial Disclosures

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Contact Us

Clifford Capital Holdings Pte. Ltd.

1 Raffles Quay, #23-01, North Tower,

Singapore 04853

T: +65 6229 2900

E: enquiry@ccholdings.sg

https://www.cliffordcapitalholdings.sg/