

BAYFRONT INFRASTRUCTURE

FY2022 TCFD Report for Bayfront Infrastructure Management

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About Us

Introduction and Background

Bayfront Infrastructure Management Pte. Ltd. ("**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.

Our mission is to facilitate the mobilisation of private capital in order to address the Asia Pacific infrastructure financing gap. Bayfront 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. The establishment of Bayfront builds on the successful issuance of Asia's first securitisation of infrastructure loans through Bayfront Infrastructure Capital Pte. Ltd. ("**BIC**") in 2018 which was sponsored by Clifford Capital Holdings Pte. Ltd. ("**CCH**")

We seek to provide investors with exposure to a diversified portfolio of project and infrastructure loans and bonds across multiple geographies and sectors, and are positioned to fulfil several strategic objectives, including:

- a. unlocking additional capital for Asia Pacific infrastructure financing through facilitating capital recycling by banks;
- b. establishing Infrastructure Asset-Backed Securities ("**IABS**") as a new asset class for institutional investors to access project and infrastructure loans in Asia Pacific and the Middle East regions in a credit-enhanced structure;
- c. addressing Asia Pacific's infrastructure financing gap by mobilising a new pool of institutional capital for project and infrastructure debt through IABS and other possible distribution formats; and
- d. addressing existing market frictions that prevent large scale mobilisation of institutional capital for infrastructure financings, thereby facilitating institutional participation in the project finance asset class in a readily accessible manner.

Bayfront's shareholders are CCH and the Asian Infrastructure Investment Bank ("**AIIB**"), who own 70% and 30% of our share capital respectively. Bayfront also enjoys strong sponsorship from the Government of Singapore and the MAS. Bayfront benefits from a US\$2.0 billion guarantee from the Government of Singapore.

There are currently three operating platforms ("**OpCos**") within the CCH Group, namely Clifford Capital Pte. Ltd. ("**CCPL**"), Bayfront and Pierfront Capital Fund Management Pte. Ltd. ("**Pierfront**"). They are supported by CCH Management Services Pte. Ltd. ("**CCHMS**"), an in-house provider of middle and back-office services to the OpCos.

Diagram 1: Overview of the CCH Group



Business Model, Strategy and Business Activities

Bayfront focuses on acquiring predominantly brownfield project and infrastructure loans and bonds from financial institutions, warehousing and managing them with the primary objective of distributing securitised notes known as IABS to institutional investors. Bayfront sponsors, structures, and manages such distribution issuances, and invests in the equity tranches of its securitisation issuances for alignment of interest with investors.

As part of its engagement strategy with financial institutions, Bayfront has entered into memoranda of understanding with a group of 28 banks, all of which are active players in the regional project finance and infrastructure financing landscape¹. Bayfront has put these arrangements into place in order to align the understanding between each bank and Bayfront for future collaboration on loan take-outs.

Following its identification of eligible project loans and bonds, Bayfront initiates the acquisition of loans and bonds, and warehouses the acquired loans and bonds on its own balance sheet (the

¹ For the list of banks, please refer to [Bayfront's website](#).

“**Warehousing Portfolio**”), pending the completion of the buildout of each IABS Portfolio. Each issuance of IABS is issued by a different special purpose vehicle (each a “**Distribution SPV**”) and collateralised by a specific portfolio of infrastructure loans and/or bonds. Each issuance of IABS is backed by cash flows from the relevant IABS Portfolio relating to such issuance.

Bayfront also acquires loan assets on a take-and-hold basis (the “**Base Portfolio**”). Bayfront established the Base Portfolio in FY2022 for purposes of generating net interest income over a long-term basis to sustain its operations. These relate to loans that finance operational projects or companies in the business of infrastructure development, have minimum credit ratings of Baa3 or equivalent, and have remaining terms of 10 years or less at the time the loan is acquired.

Debt assets considered by Bayfront are within the broader infrastructure ambit, including renewable energy, conventional power and utilities, liquified natural gas, oil and gas, energy shipping, transportation, telecommunications, social, metals and mining sub-sectors.

About this Report

This is Bayfront’s inaugural standalone Task Force on Climate-related Financial Disclosures (“TCFD”) report (the “**Report**”). This Report covers the period from 1st January 2022 to 31st December 2022 (“**FY2022**”), which aligns with the Group’s financial reporting 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 the purposes of this Report, it is important to note that CCH is our majority shareholder and parent, and that Bayfront as a subsidiary aligns to CCH’s climate-risk management approach and climate ambitions. For more information, please refer to [CCH’s TCFD report](#).

We will seek to continue improving our level of disclosure to provide stakeholders with relevant information as the sustainability landscape develops with new technologies, data, risk methodologies, and increased comparability. Bayfront welcomes feedback on this report from stakeholders, which can be submitted at enquiry@bayfront.sg.

CEO Message



Mr. Nicholas Tan
Chief Executive Officer

Given the increasing impact of climate change on industries, end-markets, and communities worldwide, it is crucial to provide our stakeholders with the information they need to evaluate potential climate risks and opportunities for a sustainable future. In this spirit, we are proud to present our inaugural TCFD report, which highlights our commitment to enhancing our processes for assessing, managing, and disclosing climate-related financial risks.

We at Bayfront are committed to promoting sustainable growth in Singapore and elsewhere. We are dedicated to incorporating climate risk considerations into our business operations and financing solutions as a significant player in the structuring and distribution of investible products for our investor base. In line with the International Energy Agency's ("IEA") Net Zero Emissions ("NZE") scenario, our climate ambition is to reach net zero financed emissions for our assets under management by 2050. Embracing the TCFD framework allows us to systematically assess and disclose the climate-related risks and opportunities associated with our portfolio.

Our mission is to facilitate the mobilisation of private capital to address the Asia Pacific infrastructure financing gap, which includes sustainable infrastructure financing. Climate change poses complex challenges, but we firmly believe that it also presents opportunities for innovation, resilience, and sustainable growth. By incorporating climate considerations into our investment and asset management strategy, we can better identify and manage risks, enhance long-term performance, and contribute to a more sustainable future.

In line with the TCFD framework, we have a robust governance structure that ensures climate-related considerations are integrated into our decision-making processes. We have expanded the scope of our ESG committee at Bayfront, which comprises selected representatives from our Board of Directors, responsible for overseeing the implementation and continuous improvement of our climate-related strategy, policies, and procedures. Several committees within the CCH Group, our parent company, are also involved in the management and monitoring of climate change and its associated impacts across the CCH Group, including Bayfront.

We have conducted a comprehensive assessment of the physical and transition risks associated with our infrastructure debt investments. This allowed us to better understand the potential impacts of climate risks on our portfolio, re-calibrate our investment lenses, and implement risk mitigation measures. We have also enhanced our data collection processes to ensure climate-related metrics, such as emissions intensity, are integrated into our asset acquisition and portfolio management analysis, enabling us to align our portfolio with the required trajectory to achieve our climate ambition.

We are proud of the advancements we have made and the actions we are taking to strengthen our commitment to addressing climate change across all areas of our operations. However, we acknowledge that there is still more to accomplish. This TCFD report is a significant milestone that will serve as a roadmap for our future initiatives. Moving forward, we are dedicated to building on our current climate disclosures and deepening our understanding of climate-related risks and opportunities.

Governance

Oversight of climate-related risks and opportunities

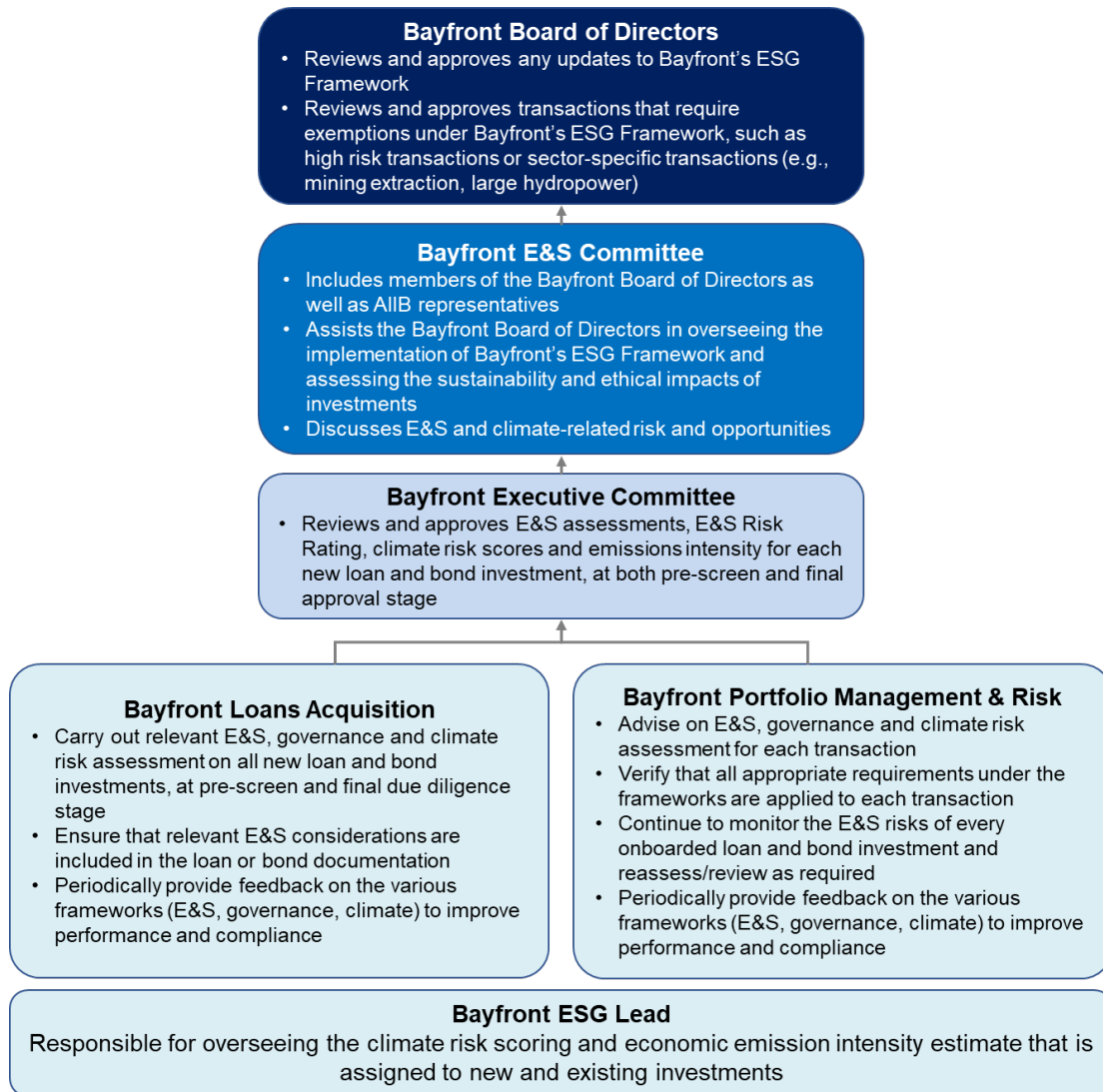
The Bayfront Board of Directors (“**Bayfront Board**”) has overall responsibility for our climate strategy, frameworks, policies and procedures, including oversight of climate-related risks and opportunities, with defined responsibilities and accountabilities assigned.

Our parent company CCH, through its Board of Directors and senior management, also provides important support, oversight, and approval for many of our own climate-related strategies, initiatives and risk management frameworks.

Environmental, social, and governance (“**ESG**”) factors have been a core fabric of our business. The Bayfront Environmental and Social (“**E&S**”) Committee was established since the inception of Bayfront, to assist the Bayfront Board in overseeing the implementation of Bayfront’s ESG Framework and assessing the sustainability and ethical impacts of its investments. The Bayfront E&S Committee’s responsibilities have been expanded to provide oversight on the implementation of Bayfront’s climate strategy and climate-related risks and opportunities. This is in line with the expansion of Bayfront’s ESG Framework to include climate risk assessment, in addition to E&S impact assessment and governance risk assessment.

Additionally, several committees within the CCH Group, including the CCH Group ESG Committee and CCH Group Risk Committee have oversight on the management and monitoring of climate change and its associated impacts across the CCH Group, including Bayfront. We also have a Climate Steering Committee and Climate Working Group at the CCH level, to coordinate the execution of climate initiatives per the overall climate strategy, as further described below.

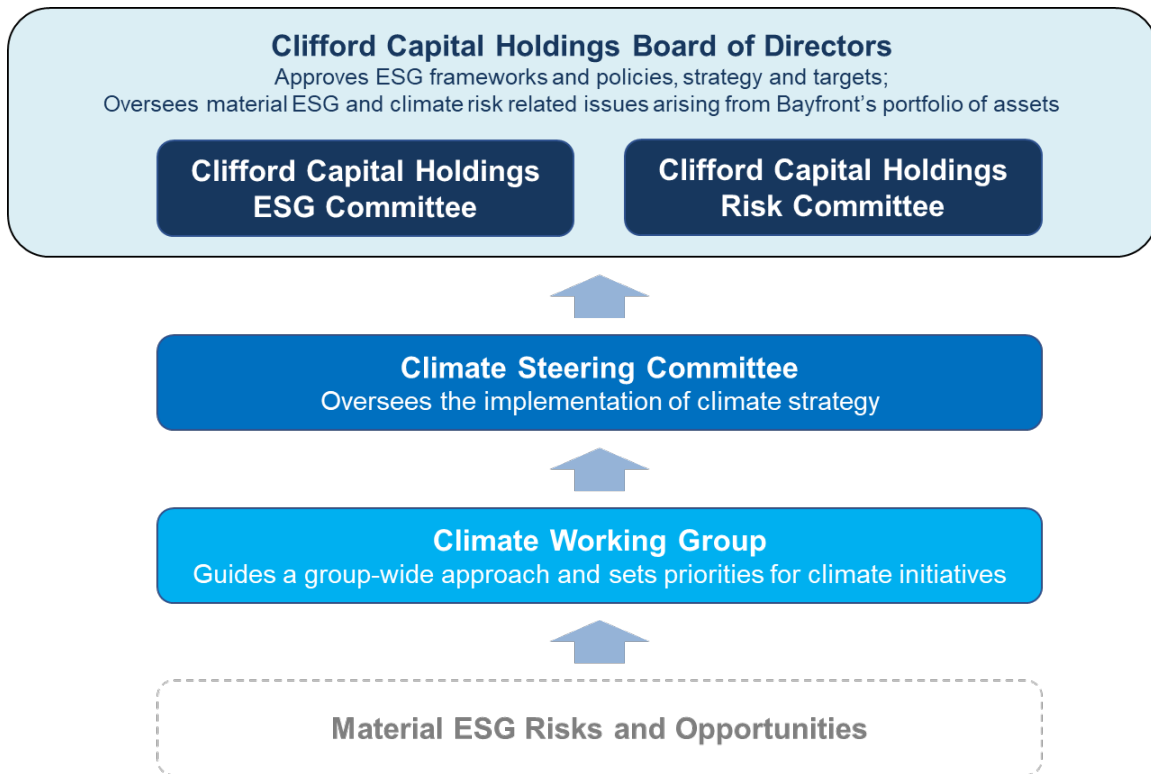
Diagram 2: Climate reporting Line to Bayfront’s Board of Directors:



Within Bayfront, climate governance at the management level is led by the Bayfront Executive Committee, which is chaired by the Bayfront Chief Executive Officer (“**CEO**”). Other members of the Bayfront Executive Committee are the CCH Group CEO, CCH Group Chief Risk Officer (“**CRO**”) and E&S Officer, Group Chief Financial Officer (“**CFO**”) and Chief Operating Officer (“**COO**”) and Group General Counsel (“**GC**”).

Referring to Diagram 2 above, every potential new investment is thoroughly reviewed through several levels of diligence and approval authority, and this carries on into the ongoing monitoring of every investment once it has been onboarded.

Diagram 3: Climate reporting line to our parent holding company, CCH:



CCH through its senior management and Board of Directors provides important support, oversight, and approval for many of our own climate-related strategies, initiatives and risk management frameworks.

Below are details of each climate-related committee at CCH level, their respective roles and responsibilities, and how Bayfront’s climate governance structure is aligned and coordinated with that of CCH.

Climate-related committees	Roles and responsibilities
Climate Working Group	<ul style="list-style-type: none"> On a monthly basis, provides an update to the Climate Steering Committee on the progress of key climate risk initiatives and tracking of climate risk scores (both physical and transition risks) and carbon economic emissions intensity of Bayfront’s portfolio. Sets priority initiatives including climate strategy for CCH OpCos, including Bayfront. Monitors and ensures that CCH OpCos, including Bayfront, are meeting metrics and targets, as well as compliance with climate risk policies.

Climate Steering Committee	<ul style="list-style-type: none"> • A CCH Group 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. • Oversees the Climate Working Group and reviews updates and recommendations which are provided on a monthly basis. • Tracks the progress against the implementation roadmap for climate-related risk and opportunities for Bayfront and other OpCos.
CCH ESG Committee (“CCH ESGC”)	<p>Oversees overall ESG matters in ensuring a holistic focus and coordination within the Group, to stay abreast of evolving ESG risks and opportunities. Meets quarterly with the CCH Board of Directors and Bayfront’s Executive Committee. In respect of climate, assists Bayfront and other OpCos in providing oversight on the following areas:</p> <ul style="list-style-type: none"> • Reviews any new and existing transactions approved by Bayfront and the other OpCos which are considered to face high transition or physical risk, and the mitigants and strategies in place for managing such risks; • Reviews material changes recommended during the annual review of ESG risk frameworks and policies by Bayfront and the other OpCos for alignment; • Recommends updates to Bayfront and other OpCos on existing and new climate risk tools, and their effectiveness in facilitating measurement and decision-making for the Group; and • Provides updates to the CCH Board on material emerging climate risk-related incidents resulting from Bayfront and the other OpCos’ existing portfolios.
CCH Risk Committee	<p>Oversees and supports the Boards of Bayfront and other OpCos in establishing and supervising an appropriate risk management framework, covering all risk categories including ESG risks. In respect of ESG risk, the focus is on the following areas:</p> <ul style="list-style-type: none"> • Reviews material ESG risks that may impact financial performance and/or reputation, managing in coordination with the CCH ESGC.

Our climate-related committees are strongly interlinked and work closely with one another. We take an integrated approach to climate discussions, where the topics discussed are always centered around climate-related risk management, strategy and opportunities.

CCH recognises the importance of alignment of climate goals and targets between its OpCos. To help establish this alignment, Bayfront’s ESG Lead and Head of Risk are members of the Climate Working Group, and Bayfront’s CEO is a member of the Climate Steering Committee. This provides Bayfront representatives with a dedicated platform to discuss any climate-related initiatives with their counterparts from the other OpCos and key management members of the CCH Group.

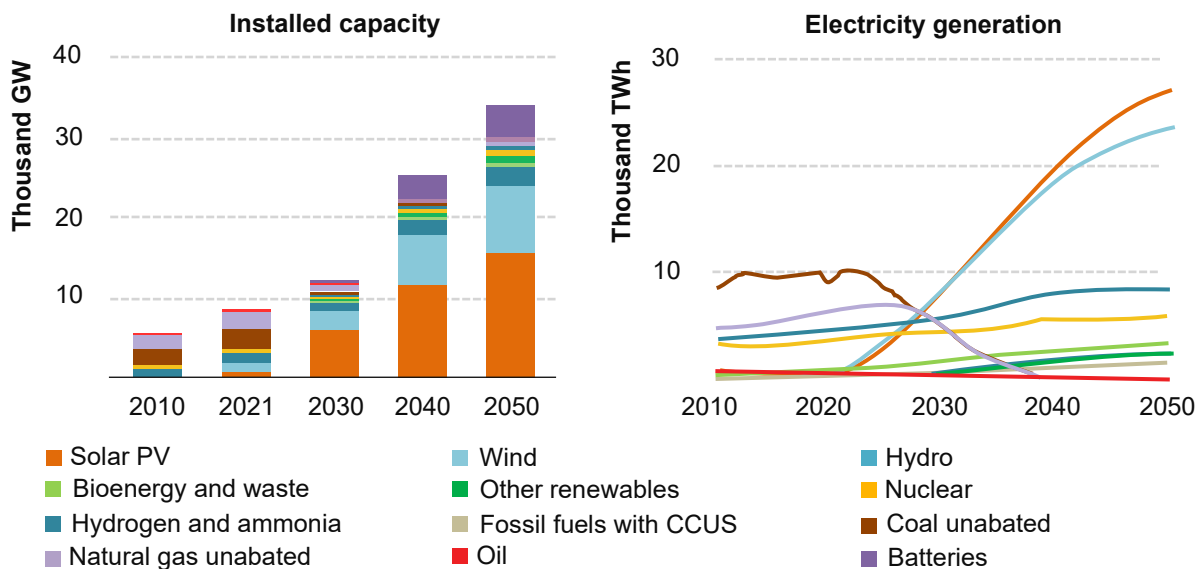
Strategy

Bayfront 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 to help banks and institutional investors channel additional capital into financing green and social projects.

Our climate ambition is to achieve net zero financed emissions (covering Scope 1, 2 and 3²) by 2050 for Bayfront’s aggregate assets under management (“**AUMs**”). To achieve that ambition, our stated interim climate target is to reduce the economic emissions intensity³ of Bayfront’s AUMs by at least 30% from year-end 2021 to year-end 2030.

Bayfront has aligned goals with CCH and CCPL to align with the NZE scenario⁴ for AUMs by 2050 as our stated climate ambition. We have chosen the IEA’s NZE scenario because we wanted to align to a science-based pathway.

Diagram 4: Global electricity generation by source in the NZE by the IEA⁵



IEA. CC BY 4.0.

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

² Currently, scope 3 emissions are excluded for Shipping transactions due to lack of data availability and quality.

³ The economic emissions intensity is defined as the amount of financed carbon emissions per dollar invested.

⁴ The Net Zero Emissions by 2050 Scenario (NZE) is a normative IEA scenario that shows a pathway for the global energy sector to achieve net zero CO2 emissions by 2050.

⁵ Source: World Energy Outlook 2022 by IEA, Figure 3.1 - <https://iea.blob.core.windows.net/assets/830fe099-5530-48f2-a7c1-11f35d510983/WorldEnergyOutlook2022.pdf>

Bayfront's climate strategy, ambition and targets are now embedded into our investment strategy to achieve net zero financed emissions by 2050. For each prospective new asset, the climate profile (physical risk, transition risk, and economic emissions intensity) is assessed and benchmarked against our existing portfolio average and our internal annual targets. We measure economic emissions intensity rather than absolute emissions since it allows for portfolio level analysis and caters for the gradual decarbonisation of our portfolio, since we may still need to finance higher emissions intensity assets in the interim as a glidepath to meeting our decarbonisation targets, while balancing energy access, security and just transition considerations for all stakeholders involved in the assets and underlying projects that we finance. Using this benchmark, we analyse each potential acquisition and determine how it fits within our overall climate ambition to achieve a net zero portfolio by 2050.

Our present climate plan at Bayfront generally comprises three main components:

1. Assess the climate-based impact of every investment, from both physical risk and transition risk perspectives;
2. Monitor the financed carbon emissions intensity of Bayfront's AUMs;
3. Align with CCH's group commitment towards achieving net zero financed emissions for aggregate AUMs by 2050 and reducing emissions intensity from year-end 2021 to year-end 2030 by at least 30%.

Material climate-related risks and opportunities identified by Bayfront

At Bayfront, we have taken steps to identify and assess the potential impact of climate change on our portfolio of financed assets. These climate-related risks are illustrated in Diagram 8 under the "Risk Management" section.

On the other hand, we see this transition to a low-carbon economy as an opportunity to diversify our portfolio and increase the share of green and social assets. We plan to increase our sustainability-related distribution offerings to institutional investors. We view this market as a key strategic opportunity to increase our business offerings as we are optimistic about increasing market demand for sustainable investments. These offerings also help to serve our mission of helping banks and institutional investors channel additional capital into financing green and social projects.

Highlights of our sustainability-related offerings

We have developed a Sustainable Finance Framework, which demonstrates how Bayfront intends to issue green, social or sustainability notes and which is aligned with global standards such as:

- International Capital Market Association (“**ICMA**”) Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines 2021
- ASEAN Capital Markets Forum (“**ACMF**”) ASEAN Green, Social, and Sustainability Bond Standards 2018

With our Sustainable Finance Framework, we have issued two Secured Sustainability Standard Bonds (as defined under the ICMA Sustainability Bond Guidelines) under our IABS programme⁶, and are planning to issue more green, social, or sustainability notes in the future through IABS or other financing structures.

BIC II

- US\$120m of Class A1-SU Notes backed by US\$184.8 million of eligible green and social assets (by commitment amount)
- Eligible green asset categories were for Renewable Energy – comprising solar, wind and run-of-the-river hydropower projects
- Eligible social asset categories were for Affordable Basic Infrastructure – comprising desalination, transmission & distribution and roadway upgrade projects

BIC III

- US\$110m of Class A1-SU Notes backed by US\$163.8 million of eligible green and social assets (by commitment amount)
- Eligible green asset categories were for (i) Renewable Energy – comprising solar, wind and run-of-the-river hydropower projects and (ii) Energy Efficiency – comprising data centre projects
- Eligible social asset categories were for Affordable Basic Infrastructure – comprising desalination and transmission & distribution projects

⁶ These are the US\$120 million Class A1-SU Notes issued by Bayfront Infrastructure Capital II Pte. Ltd. (“**BIC II**”) in June 2021 and the US\$110 million Class A1-SU Notes issued by Bayfront Infrastructure Capital III Pte. Ltd. (“**BIC III**”) in September 2022.

Highlights of our sustainability-related offerings (cont.)

The nominated project and asset pools of our Class A1-SU notes for BIC III are detailed below. We had allocated approximately US\$ 164 million to eligible green and social assets for BIC III at issue date.⁷

Diagram 5: BIC III Class A1-SU Notes, Description of Asset Pool for FY2022

Green Asset Category	Use of Proceeds	Original Commitment Amount (US\$m)	Outstanding Commitment Amount* (US\$m)	Outstanding Par Amount* (US\$m)
Renewable Energy	Hybrid (Solar and Wind)	30.0	29.6	29.2
	Solar Energy	30.0	29.5	29.5
	Wind Energy	14.3	14.2	14.2
	Run-of River Hydropower	20.7	20.7	20.7
Energy Efficiency	Data Centre	25.0	25.0	25.0
Green Asset Category	Use of Proceeds	Original Commitment Amount (US\$m)	Outstanding Commitment Amount* (US\$m)	Outstanding Par Amount* (US\$m)
Affordable Basic Infrastructure	Desalination (climate resilient drinking water supply)	31.5	30.7	30.7
	Transmission and Distribution (access to electricity)	12.3	11.5	11.5
Total		163.8	161.2	160.8

*Amounts as of 31 December 2022

Below are a few examples of how Bayfront's Class A1-SU notes directly lead to real environmental impact. We have included impact metrics from Bayfront's Sustainability Tranche FY2022 Impact Report.

Diagram 6: BIC II Green Projects Impact Metrics for FY2022

Use of Proceeds	Total project Impacts			Bayfront's Share of impact	
	Installed Capacity (MW)	Aggregated Annual Renewable Energy Generation (MWh)	Estimated Annual GHG ⁸ Emissions Avoided (tCO ₂ eq)	Annual Renewable Energy Generation (MWh)	Estimated Annual GHG Emissions Avoided (tCO ₂ eq)
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

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"

Highlights of our sustainability-related offerings (cont.)
Diagram 7: BIC III Green Projects Impact Metrics for FY2022

Use of Proceeds	Total project Impacts				Bayfront's Share of impact	
	Installed Capacity (MW)	Aggregated Annual Renewable Energy Generation (MWh)	Estimated Annual GHG Emissions Avoided (tCO ₂ eq)	Energy Efficiency (PUE)	Annual Renewable Energy Generation (MWh)	Estimated Annual GHG Emissions Avoided (tCO ₂ eq)
Hybrid (Solar & Wind)	990	1,145,297	795,867	-	17,322	12,037
Solar Energy	600	1,497,949	1,040,925	-	100,188	69,621
Wind Energy	172	462,275	333,615	-	25,653	18,744
Run-of River Hydropower	45	334,941	258,809	-	43,699	33,766
Data Centre	370	-	-	1.31	-	-
Total	2,177	3,440,461	2,429,215	1.31	186,862	122,131

In addition to our Secured Sustainability Standard Bonds, we aim to bring additional distribution formats to the market such as sustainability-linked bonds and green and/or transition funds, to expand the range of sustainable products in which institutional investors can participate.

Risk Management

As climate change poses a significant risk, we prioritise the integration of climate risk factors into our risk management framework, which helps enhance Bayfront’s climate resilience and ensure the sustainability of our business in the long run.

Processes to mitigate ESG and climate-related risks

ESG and climate risks are interconnected and interdependent. Addressing one type of risk often requires considering and managing the others. Hence, at Bayfront, climate change is assessed and managed alongside other ESG risks as part of Bayfront’s overall ESG Framework. The ESG Framework 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.

Pillar	Objectives	Key Components
E&S Impact Assessment	Assess E&S impacts of projects financed and rate the residual E&S risks	<p><u>Exclusion List</u></p> <p>All transactions are screened against our Exclusion List, which is an important tool for us to manage our portfolio’s exposure to E&S risks. For more information, please refer to Bayfront’s Exclusion List.</p> <p><u>Categorisation</u></p> <p>Categorisation of all transactions into Category A, B or C based on assessment of inherent E&S impacts, such as the extent of adverse E&S risks and/or impacts, and whether they are few/diverse, irreversible, unprecedented or mitigable.</p> <p><u>Risk Rating</u></p> <p>Classification of 11 different types of risk aspects into “High”, “Medium” or “Low” risk, which determines the extent of monitoring and oversight. Any transaction with a single “High” risk aspect (out of the 11 aspects) would typically be excluded from consideration or require exceptional approval from the Bayfront Board of Directors.</p> <p><u>Sector Guides</u></p> <p>Our sector guides provide tailored guidance and best practices for managing risks that are specific to a particular industry or sector, such as oil & gas, metals & mining and large hydropower.</p> <p><u>E&S Monitoring and Reporting</u></p> <p>During the post-investment phase, we will monitor any E&S developments of our investments on an ongoing basis, and review E&S reports provided by the underlying obligors on a periodic basis.</p>

Governance Risk Assessment	Evaluate and manage the potential risks associated with the governance practices of borrowers	<u>Governance Risk Assessment Policy</u> The screening and review conducted allow us to identify potential risks that may arise due to inadequate governance practices of prospective borrowers.
Climate Risk Assessment	Assess the climate-based impact of every transaction, from both a physical and transition risk perspective	<u>Climate Risk Scorecard</u> 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 us to focus on the key risk drivers, consider proposed mitigation options and demonstrate that we have developed strategies to manage and mitigate these risks.

Identifying and assessing climate-related risks for Bayfront

At Bayfront, we have taken steps to identify key climate-related risks and opportunities that could have a material impact on our portfolio of financed assets. We outline these material climate-related risks below through our climate taxonomy (categorisation of our physical and transition risks) that is aligned with TCFD recommendations.

We recognise that climate-related risks may materialise through other existing risk categories, 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 Bayfront are further illustrated in Diagram 8.

Diagram 8: Examples of Potential Climate Risk Impacts on Bayfront



Integrating Climate Risk into our Investment Approval Processes

To manage financial risks arising from the potential impact of climate change, we have embedded climate risk analysis into our existing credit risk review processes.

Investment Stage	Climate risk analysis integrated during credit risk review process
Pre-screening stage	Full analysis not required, unless the physical risk score or transition risk score derived from climate risk assessment is more than or equal to four out of five.
Credit approval stage	Analysis of key climate-risk levers and mitigants is carried out.
Annual review stage	Climate analysis is refreshed at every annual review. Key changes from the prior year's analysis are highlighted. Closer monitoring will also be performed for any transactions that have displayed a significant deterioration in physical or transition risk scores.

Integrating Climate Risk into our Risk Management Framework

We have also considered climate risks as part of Bayfront's Risk Management Framework. The Risk Management Framework is a landscape and categorisation of Bayfront's risks, which provides a breakdown of specific risk categories to facilitate risk management across all levels.

Bayfront's comprehensive Risk Framework, Policies and Procedures ("RFPP") are implemented through a combination of Bayfront and CCH resources, as illustrated below.

Mandate and Scope	Oversight and Approval	Implementation / Support
<ul style="list-style-type: none"> ▪ Bayfront Board of Directors ▪ CCH Risk Committee ▪ CCH ESG Committee ▪ Bayfront E&S Committee 	<ul style="list-style-type: none"> ▪ Bayfront Board of Directors ▪ CCH Risk Committee ▪ CCH ESG Committee ▪ Bayfront E&S Committee ▪ Bayfront Executive Committee ▪ Bayfront Chief Executive Officer ▪ Group Chief Risk Officer ▪ Bayfront Head of Risk 	<ul style="list-style-type: none"> ▪ Bayfront ESG Lead ▪ Bayfront COO ▪ Bayfront Loans Acquisition ▪ Bayfront Portfolio Management & Risk ▪ CCH Group Risk ▪ CCH Group Treasury and Finance ▪ CCH Group Legal and Compliance ▪ Other CCH support functions

Metrics and Targets

To measure Bayfront’s progress in achieving its climate goals and managing climate risks, it is crucial to have metrics and targets in place. These metrics would not only apply to our operations, but also to our AUMs.

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, Bayfront initiated the computation and monitoring of the economic emissions intensity of all prospective investments and existing assets held in its portfolio. The emissions data provided by each obligor/borrower is utilised; and in the absence of such data disclosure, appropriate proxy data is used to estimate emissions.

Target	Key Performance Indicators selected for FY2023
<p>In order to align Bayfront’s business operations with its goal of mitigating the impacts of climate change, we have set an overall ambition of net zero financed emissions by 2050 for Bayfront’s AUMs.</p> <p>Bayfront will seek to reduce its economic emissions intensity from year-end 2021 to year-end 2030 by at least 30%.</p>	<ul style="list-style-type: none"> ▪ Economic emissions intensity targets now form part of Bayfront’s annual corporate and individual scorecards, which is one of the factors that determine variable remuneration for each fiscal year. ▪ Improving climate-related disclosures, which include the publication of our inaugural TCFD report.

We understand that different industries have different emissions profiles and decarbonisation pathways. We remain actively committed to enhancing the methodology, approach, and process used to determine emissions intensity.

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

Glossary

AIIB	Asian Infrastructure Investment Bank
AUM	Assets Under Management
Bayfront	Bayfront Infrastructure Management Pte. Ltd.
BIC	Bayfront Infrastructure Capital Pte. Ltd.
CCH	Clifford Capital Holdings Pte. Ltd.
CCPL	Clifford Capital Pte. Ltd.
E&S	Environmental and Social
ESG	Environmental, Social, and Governance
CCH ESGC	CCH's Environmental, Social and Governance Committee
GHG	Greenhouse Gas
IABS	Infrastructure Asset-Backed Securities
ICMA	International Capital Market Association
IEA	International Energy Agency
NZE	Net-Zero Emissions
OpCos	Operating Companies
Pierfront	Pierfront Capital Fund Management Pte. Ltd.
TCFD	Task Force on Climate-related Financial Disclosures

Disclaimer

The information and opinions contained herein are for information purposes only and are provided as at the date of this document and are subject to change without notice. Bayfront Infrastructure Management Pte. Ltd. (“**Bayfront**”) does not undertake any obligation to provide the recipient with access to any additional information or to update this document or any additional information or to correct any inaccuracies in any such information which may become apparent. The material contained herein may include information derived from publicly available sources that has not been independently verified.

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