



ADVANCING SUSTAINABILITY DRIVING PERFORMANCE

Annual Report 2021

ADVANCING SUSTAINABILITY DRIVING PERFORMANCE

With sustainability at the core of our business, we are building a global and well-diversified portfolio of infrastructure businesses and assets.

To drive sustainable development and create long-term value for our stakeholders, we are committed to achieving operational excellence that is led by our environmental, social and governance strategy and sustainability initiatives.

VISION

To be the preferred infrastructure business trust, serving as the trusted partner to our stakeholders.

MISSION

Delivering value to investors by building a global well-diversified portfolio of sustainable businesses and assets in the infrastructure sector.

OVERVIEW

| | |
|---|----|
| Key Figures for 2021 | 2 |
| Financial Highlights | 3 |
| Corporate Profile and Strategic Direction | 4 |
| Trust Structure | 5 |
| Our Presence | 6 |
| Chairman's Statement | 8 |
| Board of Directors | 12 |
| The Trustee-Manager | 14 |

OPERATIONS REVIEW

| | |
|------------------------|----|
| Portfolio Overview | 16 |
| Distribution & Network | 17 |
| Energy | 21 |
| Waste & Water | 22 |
| Financial Review | 25 |
| Unit Price Performance | 27 |
| Investor Relations | 28 |
| Significant Events | 30 |

SUSTAINABILITY REPORT

| | |
|--|----|
| Sustainability Framework | 31 |
| Letter to Stakeholders | 32 |
| About this Report | 34 |
| Approach to Sustainability | 35 |
| Environmental Stewardship | 41 |
| Responsible Business | 47 |
| People and Community | 52 |
| GRI Content Index | 60 |
| Business for Societal Impact (B4SI) Verification 2021 | 64 |

FINANCIAL STATEMENTS

| | |
|--|----|
| Trustee-Manager's Statement | 66 |
| Statement by the Chief Executive Officer | 68 |
| Independent Auditor's Report | 69 |
| Statement of Financial Position | 72 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 73 |
| Statements of Changes in Unitholders' Funds | 74 |
| Consolidated Statement of Cash Flows | 76 |
| Notes to the Financial Statements | 77 |

GOVERNANCE

| | |
|----------------------|-----|
| Corporate Governance | 150 |
| Risk Management | 189 |

OTHER INFORMATION

| | |
|----------------------------------|-----|
| Statistics of Unitholdings | 186 |
| Financial Calendar | 187 |
| Corporate Information | 188 |
| Notice of Annual General Meeting | 189 |
| Proxy Form | |

KEY FIGURES FOR 2021

GROWING DISTRIBUTION PER UNIT (DPU)

3.78 cts

Higher DPU supported by Ixom's strong and stable performance and the portfolio's resilient cashflow contribution. An increase from KIT's historical annual payout of 3.72 cents since FY 2016.

DIVERSIFIED AND DEFENSIVE PORTFOLIO

\$4.5b

Assets under management (AUM)¹ of approximately \$4.5 billion, comprising eight businesses and assets in Singapore, the Philippines, Australia and New Zealand. Including the investment in Aramco Gas Pipelines Company, which was completed in February 2022, AUM would be approximately \$4.6 billion.

LOW GEARING

20.3%

Comfortable debt headroom to pursue strategic acquisition opportunities that will diversify and grow KIT's portfolio. Lower net gearing of 20.3% as at 31 December 2021, compared to 32.1% as at 31 December 2020, due to the derecognition of Basslink following the voluntary administration.

LOW INTEREST RATE EXPOSURE

93% hedged

Proactively manage interest rate exposure with approximately 93% of loans hedged. The Trustee-Manager also mitigates the impact of currency fluctuations with 85.7% of foreign distributions hedged as at 31 December 2021.

MSCI ESG

'A' rating

In 2021, KIT maintained a rating of 'A' in the MSCI ESG Ratings assessment.

WATER RECYCLED

337,000 m³

This represents more than 20% of the water used in 2021.

BOARD DIVERSITY

33.3%

Two out of six directors on the Board are female. The Trustee-Manager is committed to maintain at least 30% female Board representation.

UPLIFTING COMMUNITIES

More than 630 community hrs

Together with Keppel Capital, we are committed to uplift local communities. KIT also contributed more than \$170,000 in donations to support various philanthropic initiatives and community needs.

¹ Excludes Basslink, which entered voluntary administration on 12 November 2021. The operations of Basslink is presently under the control of the receiver and manager appointed by the lenders.

FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY

for the financial year ended 31 December

| | 2021 \$'000 | 2020 \$'000 | Change % |
|--|----------------|----------------|-------------|
| Group earnings before interest, tax, depreciation and amortisation (EBITDA) ^{1,2} | 317,607 | 328,264 | (3.2) |
| Funds from operations ³ | 244,128 | 242,595 | 0.6 |
| Free cash flow to equity (FCFE) ⁴ | 192,210 | 225,674 | (14.8) |
| Total distribution declared | 188,670 | 185,641 | 1.6 |
| Distribution per Unit (cents) declared | 3.78 | 3.72 | 1.6 |
| Distribution yield ⁵ (%) | 6.9 | 6.8 | 1.5 |

BALANCE SHEET

for the financial year ended 31 December

| | 2021 \$'000 | 2020 \$'000 | Change % |
|--|----------------|----------------|-------------|
| Total assets | 4,500,783 | 4,929,535 | (8.7) |
| Total liabilities | 2,760,718 | 3,435,593 | (19.6) |
| Unitholders' funds | 1,111,718 | 1,141,582 | (2.6) |
| Market capitalisation ⁵ | 2,720,238 | 2,719,789 | – |
| Number of Units in issue ('000) | 4,991,263 | 4,990,438 | – |
| Net asset value per Unit (cents) | 22.3 | 22.9 | (2.6) |
| Adjusted net asset value per Unit ⁶ (cents) | 22.5 | 28.8 | (21.9) |

¹ FY 2021 excludes loss on derecognition of Basslink following the voluntary administration (\$161.9 million), one-off acquisition related cost incurred and expenses related to a fair value review exercise undertaken by Ixom following its acquisitions of assets and businesses (\$6.5 million), impairment loss on Ixom's assets mainly in relation to the cessation of operations of a long-term customer (\$21.7 million). Group EBITDA is \$127.5 million without the adjustments.

² FY 2020 excludes results from Basslink. Group EBITDA of 2020 is \$376.0 million including Basslink. FY 2020 Group EBITDA excludes one-off acquisition related cost incurred for Ixom's acquisition of Medora (\$0.8 million), Ixom's divestment of its Latin America and China Life Science businesses (\$16.8 million) and Basslink's arbitration provision (\$76.2 million). Group EBITDA was \$282.2 million without the adjustments.

³ Funds from operations is defined as profit after tax adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capex, non-cash adjustments and non-controlling interests adjustments. Include contribution from Basslink prior to the voluntary administration.

⁴ FCFE is net of trust expenses, distribution paid/payable to perpetual securities holders, Trustee-Manager fees and financing costs.

⁵ Based on Unit closing price of \$0.545 at the last trading days of 2020 and 2021.

⁶ Based on net asset value before hedging and translation reserves.

CORPORATE PROFILE AND STRATEGIC DIRECTION

Keppel Infrastructure Trust (KIT) is a diversified business trust listed on the Singapore Exchange with approximately \$4.5 billion in assets under management as at 31 December 2021.

KIT plays a critical role in supporting Singapore's circular economy and driving economic growth, through the provision of electricity and gas, managing waste, and enhancing water security. Its portfolio of critical infrastructure include town gas production, power and electricity transmission, waste treatment and water purification, manufacturing and distribution of essential chemicals, as well as the storage of petroleum products, serving a large customer base comprising government agencies, multinational corporations, commercial & industrial enterprises, and

retail consumers in Singapore, the Philippines, Australia and New Zealand.

KIT's investment strategy is to build a well-diversified portfolio of core and core plus infrastructure businesses and assets that exhibits linkage to economic growth and domestic inflation. This will support the long-term growth in KIT's distributions and contribute to a sustainable future.

Playing an important role in building the infrastructural foundation for a sustainable future, KIT also places environmental, social and governance (ESG) at the core of its strategy to create value and achieve growth.

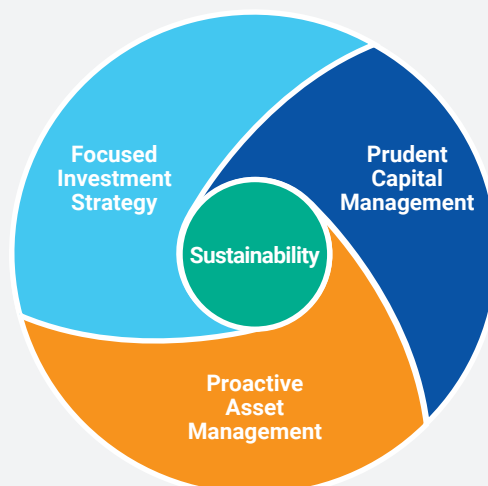
With a focus on evergreen, yield accretive businesses and assets that will benefit from secular growth trends, KIT's

key target sectors include traditional infrastructure with long-term utility-like contracted cash flows, infrastructure that will benefit from the low-carbon economy and support the digital economy, as well as socio-economic infrastructure that further economic growth and enhance social well-being.

The Trustee-Manager for KIT is Keppel Infrastructure Fund Management Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd., a premier asset manager with a diversified portfolio in real estate, infrastructure, data centres and alternative assets in key global markets. KIT is sponsored by Keppel Infrastructure Holdings Pte. Ltd., which invests in, owns and operates competitive energy and environmental infrastructure solutions and services.

KEPPEL INFRASTRUCTURE TRUST AIMS TO DELIVER SUSTAINABLE RETURNS TO ITS UNITHOLDERS, THROUGH A COMBINATION OF RECURRING DISTRIBUTIONS AND CAPITAL GROWTH OVER THE LONG TERM.

With ESG at the core of its strategy, the Trustee-Manager will continue to actively manage KIT's portfolio and create value to achieve sustainable growth.



FOCUSED INVESTMENT STRATEGY

- Actively pursue third party evergreen businesses and yield-accretive acquisitions and investments, with a focus on developed markets globally
- Leverage the Keppel ecosystem for operational expertise and to seek co-investment and/or incubation opportunities



PRUDENT CAPITAL MANAGEMENT

- Employ an optimal mix of debt and equity in financing acquisitions and investments to optimise returns while maintaining financial flexibility
- Apply appropriate hedging strategies to achieve best risk-adjusted returns and enhance stability of distributions
- Diversify sources of funding and maintain a well-spread debt maturity profile to reduce concentration risks
- Active risk management to ensure effectiveness of policies amid evolving market conditions



PROACTIVE ASSET MANAGEMENT

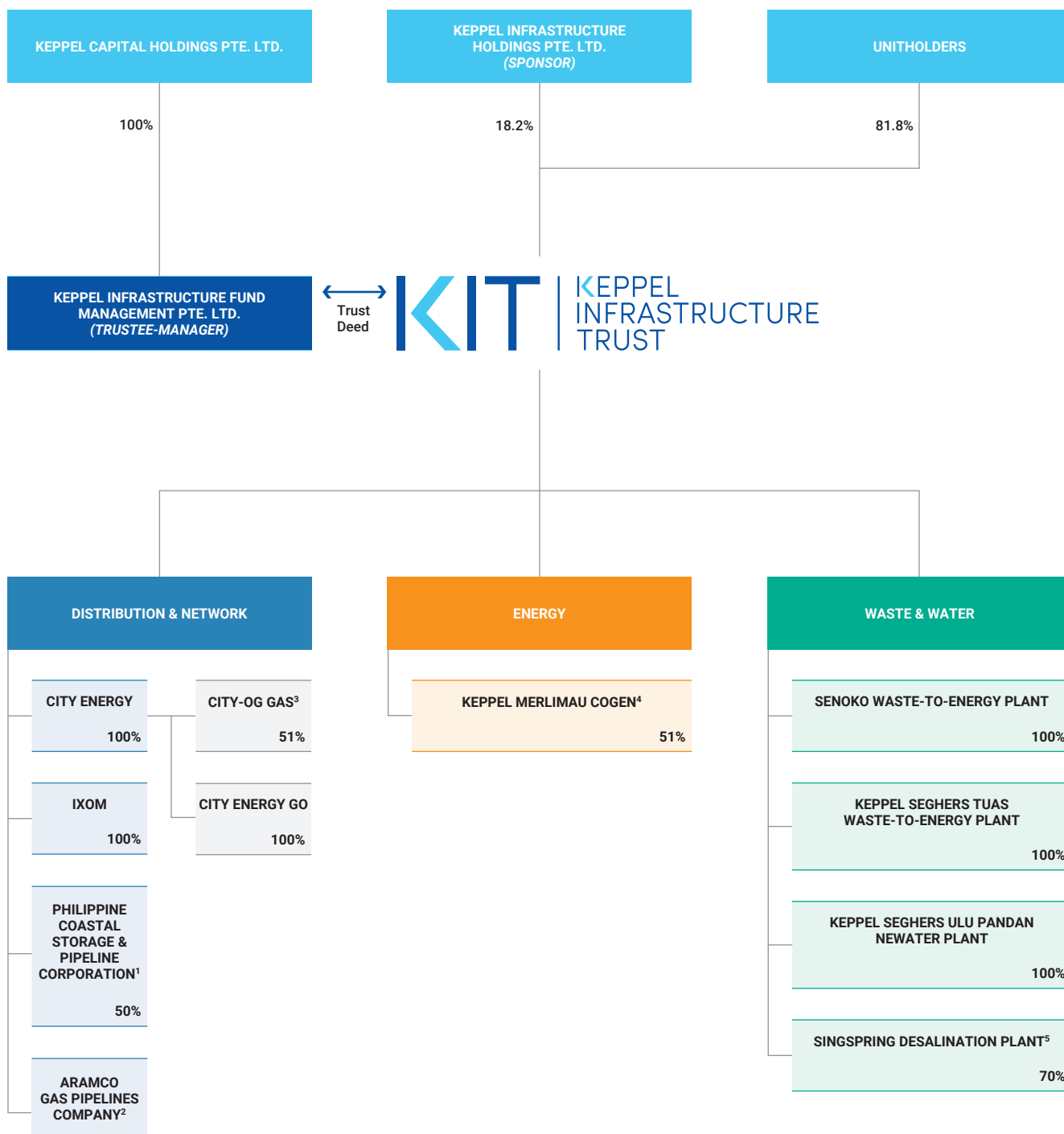
- Achieve organic growth through bolt-on acquisitions and business expansions to grow and improve cash flow resilience
- Achieve operational excellence and asset optimisation to extract further value
- Leverage technologies, digitisation and automation to enhance productivity
- Implementation of proactive risk management and business continuity plans
- Continue to draw on Keppel's development capabilities and strong operational track record to drive asset performance



SUSTAINABILITY

- Implement industry best practices to support a sustainable future
- Commitment to ESG excellence through reducing environmental impact, upholding strong corporate governance, as well as making a positive impact on the communities, and building a diverse and inclusive workforce

TRUST STRUCTURE



¹ KIT and Metro Pacific Investments Corporation (MPIC) each indirectly holds an approximately equal percentage of interest in Philippine Coastal Storage & Pipeline Corporation, with KIT indirectly holding one voting share more than MPIC.

² KIT completed its investment in an indirect minority and non-controlling stake in Aramco Gas Pipelines Company on 23 February 2022.

³ Osaka Gas Singapore Pte. Ltd. holds the remaining 49% equity interest in City-OG Gas Energy Services Pte. Ltd.

⁴ Keppel Energy Pte. Ltd. holds the remaining 49% equity interest in Keppel Merlimau Cogen.

⁵ In July 2021, KIT announced that it will acquire the remaining 30% stake in SingSpring Desalination Plant. The acquisition is subject to lenders' and regulatory approvals.

Note: Basslink entered into voluntary administration on 12 November 2021. The operations of Basslink is presently under the control of the receiver and manager appointed by the lenders.

OUR PRESENCE

» KEPPEL INFRASTRUCTURE TRUST HAS A DIVERSIFIED PORTFOLIO OF STRATEGIC BUSINESSES AND ASSETS IN HIGHLY DEFENSIVE INDUSTRIES.

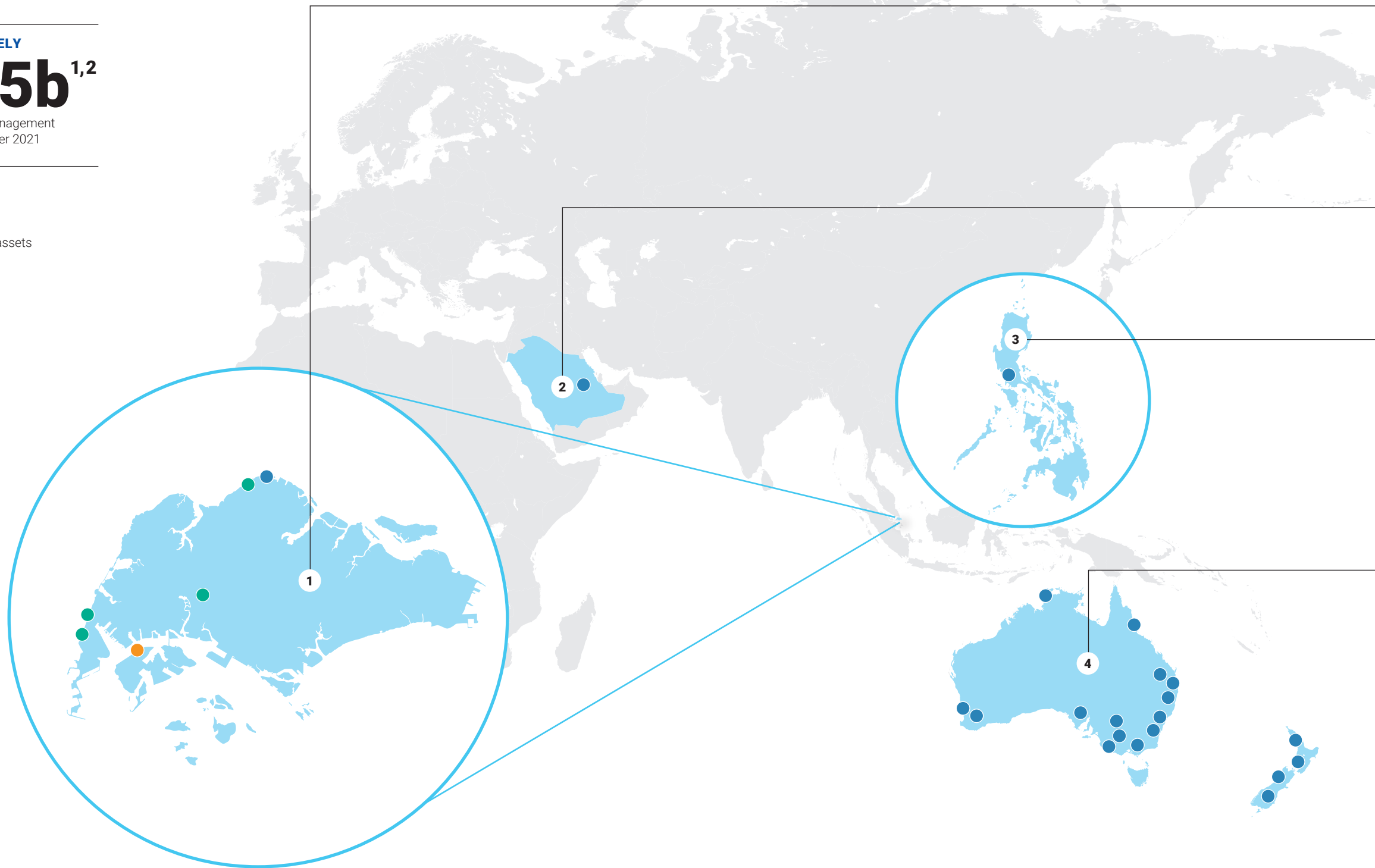
APPROXIMATELY

\$4.5b^{1,2}

Assets under management
as at 31 December 2021

8¹

Businesses and assets



1 SINGAPORE
DISTRIBUTION & NETWORK

- City Energy

ENERGY

- Keppel Merlimau Cogen Plant

WASTE & WATER

- Senoko WTE Plant
- Keppel Seghers Tuas WTE Plant
- Keppel Seghers Ulu Pandan NEWater Plant
- SingSpring Desalination Plant

2 KINGDOM OF SAUDI ARABIA
DISTRIBUTION & NETWORK

- Aramco Gas Pipelines Company²

3 THE PHILIPPINES
DISTRIBUTION & NETWORK

- Philippine Coastal Storage & Pipeline Corporation

4 AUSTRALIA & NEW ZEALAND
DISTRIBUTION & NETWORK

- Ixom
 - New South Wales
 - New Territories
 - Queensland
 - South Australia
 - Victoria
 - Western Australia
 - North Island
 - South Island

¹ Excludes Basslink, which entered voluntary administration on 12 November 2021. The operations of Basslink is presently under the control of the receiver and manager appointed by the lenders.

² KIT completed its investment in an indirect minority and non-controlling stake in Aramco Gas Pipelines Company on 23 February 2022. Including this investment, assets under management would be approximately \$4.6 billion.

ADVANCING SUSTAINABILITY DRIVING PERFORMANCE

The strategic additions of Ixom and Philippine Coastal have strengthened KIT's portfolio, which will drive long-term value for the Trust and our Unitholders.

DEAR UNITHOLDERS,

On behalf of the Board and management of the Trustee-Manager, I am pleased to present the Annual Report of Keppel Infrastructure Trust (KIT) for the financial year ended 31 December 2021 (FY 2021).

GROWING DISTRIBUTIONS

2021 was a transitional year as the world moved towards living with the pandemic. While the cautious and gradual reopening of global economies have led to some improvement in business sentiments, there remain uncertainties arising from disruptions caused by new COVID-19 variants, as well as from geopolitical tensions as we entered 2022.

For KIT, given our portfolio of essential infrastructure assets, our priority was to safeguard our supply chain and ensure that power, clean water, town gas, waste incineration and essential chemicals continue to be readily available to support the economies and populations in Singapore

and overseas, including Australia and New Zealand, as well as the Philippines.

At the same time, our judicious efforts to conserve cash and reinvest our capital for strategic growth initiatives have yielded results. The strategic additions of Ixom Holdings Pty Ltd (Ixom) in 2019 and Philippine Coastal Storage & Pipeline Corporation (Philippine Coastal) in 2021 have strengthened KIT's portfolio, which will drive long-term value for the Trust and our Unitholders.

Supported by the strong performance at Ixom and the resilient cash flow contributions from KIT's portfolio, we declared a total distribution per Unit (DPU) of 3.78 cents for FY 2021, an increase from the 3.72 cents that had been paid annually since 2016.

ACHIEVING OPERATIONAL EXCELLENCE

We are pleased to share that all of KIT's businesses and assets continued to achieve

» ALL OF KIT'S BUSINESSES AND ASSETS CONTINUED TO ACHIEVE OPERATIONAL EXCELLENCE AND DELIVER ON EXPECTATIONS IN 2021.



DANIEL EE Chairman

operational excellence and deliver on expectations in 2021.

City Energy celebrated its 160-year heritage with its renaming from City Gas, and a renewed focus to be a provider of innovative green energy solutions, driving new growth engines such as IoT-enabled home solutions and electric vehicle charging services, to serve the needs of a greener, more connected city. Meanwhile, its town gas business remained stable, achieving 100% availability for the year and growing its customer base to 872,000.

Despite supply chain challenges caused by the pandemic, Ixom delivered a strong set of results, leveraging its extensive global supply chain and in-house logistics capabilities to ensure the prompt delivery and distribution of its products. During the year, Ixom strengthened its market position with bolt-on acquisitions. To complement its Life Sciences business and expand its green chemicals sector, Ixom acquired Australian Botanical Products, a leading manufacturer

and distributor of essential oils, as well as SCR Solutions, a New Zealand-based manufacturer and distributor of AdBlue®, a diesel additive that reduces harmful truck emissions.

In the Philippines, new contracts secured by Philippine Coastal saw its fuel storage utilisation rate increase from 66.0% when it was acquired in January 2021, to 72.1% in December 2021. Being the largest independent petroleum products storage facility in the country, we expect fuel storage demand to improve as the Philippine economy gradually recovers from the pandemic.

In the Energy and Waste & Water segments, the Keppel Merlimau Cogen Plant (KMC) continued to achieve high contracted availability of 99.6%, while all our waste and water assets delivered stable performance, meeting all their availability targets for the year.

In July 2021, KIT announced the acquisition of the remaining 30% stake in the SingSpring

»» At KIT, we recognise that sustainability is imperative to the continued success of KIT and our ability to create value.

Desalination Plant. The accretive acquisition will enhance the operational and business continuity of the asset and is expected to complete in the first half of this year, subject to lenders' and regulatory approvals.

Over in Australia, Basslink entered into voluntary administration on 12 November 2021, and operations have since been taken over by the receiver and manager appointed by the lenders. Basslink has always worked in good faith to progress the implementation of the arbitration awards. The decision to place Basslink under voluntary administration was taken with the long-term interests of Basslink's creditors, employees and other stakeholders in mind. It is important to emphasise that the Basslink loans have no contractual recourse to KIT and we do not rely on Basslink's cash flows for distributions.

FOCUSING ON GROWTH

In line with our vision to be the leading infrastructure business trust and to deliver sustainable growth in distributions to Unitholders, KIT will continue to scale up and build a diversified portfolio of evergreen and concessionary businesses and assets that will benefit from secular growth trends.

In 2021, the Board and management conducted a strategic review of our business

and identified new platforms that we believe will propel KIT into its new growth phase. Beyond the traditional asset classes that provide long-term utility-like contracted cash flows, we will also capitalise on opportunities arising from the shift to a low-carbon economy and growth of the digital economy, as well as leveraging long-term socio-economic trends.

In line with this, we will continue to actively pursue third party deals in the developed markets of Asia Pacific, Europe and the Middle East, and continue to work closely with our sponsor, Keppel Infrastructure Holdings, and the wider Keppel Group for co-investment and asset incubation opportunities.

In February 2022, we completed the investment in Aramco Gas Pipelines Company, which holds a 20-year lease and leaseback agreement over the usage rights of Aramco's gas pipelines network. With this, KIT will receive quarterly payments backed by a minimum volume commitment from Aramco. This allows us to invest in a strong and growing business that is underpinned by one of the world's largest reserves of natural gas without KIT having to assume operational risks. Beyond income

diversification, the investment also supports the energy transition of the Saudi economy towards a more sustainable future.

DRIVING ESG PERFORMANCE

Climate change is the greatest threat facing humanity today. Extreme weather events and the effects of climate change continue to alter the business and the operating landscapes globally.

At KIT, we recognise that sustainability management is critical for the continued success of KIT and our ability to create value. In January 2022, we established a dedicated Board Committee that will lead and drive KIT's environmental, social and governance (ESG) strategy and sustainability initiatives.

We have set out clear targets and commitments on the ESG front, guided by the significant and material issues that could impact KIT's businesses and operations. The Board has also reviewed and approved the material ESG issues that are key for KIT's operations and strategy going forward.

KIT's targets include a 30% carbon emissions intensity reduction by 2030 from 2019 levels as we move towards decarbonisation,



⬆ We will continue to maintain high asset quality and safety standards, uphold strong corporate governance and ensure that we manage our supply chains in a sustainable manner.

KIT WILL FOCUS ON EVERGREEN, YIELD ACCRETIVE BUSINESSES AND ASSETS THAT WILL BENEFIT FROM SECULAR GROWTH TRENDS

Key Asset Classes

Traditional asset classes with long-term utility-like contracted cash flows.



Utilities



Transmission and Distribution

Asset classes that benefit from the low-carbon economy.



Energy Transition



Environmental



Renewables

Asset classes that support the digital economy.



Digital Communications

Socio-economic infrastructure that furthers economic growth and enhances social wellbeing.



Transportation



Social

as well as to increase the Trust's portfolio exposure to renewable energy by up to 25% of our equity-adjusted assets under management by 2030. To strengthen the management of climate-related risks and opportunities, we have embarked on a journey to adopt the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD) framework in 2021.

Ensuring the security of KIT's physical infrastructure and assets is vital to the consistent delivery of nationally critical services. Hence, we will continue to maintain high asset quality and safety standards, uphold strong corporate governance, as well as ensure that we manage our supply chains in a sustainable manner. These targets are shared in greater detail in KIT's Sustainability Report on page 37.

We are pleased to share that KIT's commitment to sustainable growth is reflected in its 'A' rating by the MSCI ESG Ratings assessment that measures a company's resilience to long-term, industry material ESG risks.

ACKNOWLEDGEMENTS

On behalf of my fellow Board members, I would like to convey my appreciation to our Unitholders, valued customers and business partners for your continuous support over the years. To the management team and employees, my sincere appreciation and gratitude for your commitment, persistence

and hard work to create value in the midst of the pandemic.

Mr Jopy Chiang was appointed as CEO of the Trustee-Manager on 1 August 2021, succeeding Mr Matthew Pollard. The Board thanks Matthew for his contributions and looks forward to working with Jopy in KIT's next phase of growth. With Jopy's deep and diverse experience in infrastructure investments and a track record of successful value creation, I am confident that he will be able to lead KIT effectively to provide long-term and sustainable returns to Unitholders.

We are excited and encouraged by KIT's growth prospects. With a strong balance sheet and access to diversified funding sources, we will continue to execute on growth opportunities, maintain operational excellence and undertake asset optimisation to extract further value from the KIT portfolio.

Yours sincerely,

Daniel Ee

DANIEL CUTHBERT EE HOCK HUAT

Chairman
4 March 2022

BOARD OF DIRECTORS

**DANIEL CUTHBERT****EE HOCK HUAT**, 69

Non-Executive Chairman and Independent Director

**Date of first appointment as a director:**
18 May 2015**Length of service as a director (as at 31 December 2021):**
6 years 7 months**Board Committee(s) served on:**
Conflicts Resolution Committee (Chairman)¹; Audit and Risk Committee (Member); Nominating and Remuneration Committee (Member); Investment Committee (Member)**Academic & Professional Qualification(s):**
Bachelor of Science (Systems Engineering) (First Class Honours), University of Bath, UK; Master of Science (Industrial Engineering), National University of Singapore**Present Directorships (as at 1 January 2022):**
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust); Olive Tree Estates Limited; Ascendas Funds Management (S) Limited (the Manager of Ascendas REIT)**Other principal directorships**
Singapore Mediation Centre**Major Appointments (other than directorships):**
Nil**Past Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):**
Singapore Institute of Directors**Others:**
Nil**THIO SHEN YI**, 55

Independent Director

**Date of first appointment as a director:**
11 February 2010**Length of service as a director (as at 31 December 2021):**
11 years 11 months**Board Committee(s) served on:**
Nominating and Remuneration Committee (Chairman); Conflicts Resolution Committee (Member)¹; Board Safety Committee (Member)¹**Academic & Professional Qualification(s):**
Master of Arts, University of Cambridge; Barrister at Law (Middle Temple), England; Senior Counsel; Master of the Bench of The Honourable Society of The Middle Temple, England; Fellow of the Singapore Institute of Arbitrators; Fellow of the Singapore Academy of Law**Present Directorships (as at 1 January 2022):**
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)**Other principal directorships**
TSMP Law Corporation (Joint Managing Partner); OUE Realty Pte Ltd; St John's Cambridge (Singapore); Law Society Pro Bono Services Limited**Major Appointments (other than directorships):**
Immediate Past President, Law Society of Singapore; Chair, Public & International Law Committee, Law Society of Singapore; Panel of Arbitrators of the Singapore International Arbitration Centre; Chairman, Corporate Social Responsibility Sub-Committee, Singapore Academy of Law; Member, Professional Conduct Council; Member, Pro Tem Disciplinary Council under the Medical Registration Act**Past Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):**
The Community Justice Centre; CWG International Limited**Others:**
Nil**MARK ANDREW****YEO KAH CHONG**, 59

Independent Director

**Date of first appointment as a director:**
1 August 2015**Length of service as a director (as at 31 December 2021):**
6 years 5 months**Board Committee(s) served on:**
Audit and Risk Committee (Chairman); Nominating and Remuneration Committee (Member)**Academic & Professional Qualification(s):**
Master of Arts, Oxford University; Master of Laws, National University of Singapore; Advanced Management Programme, INSEAD**Present Directorships (as at 1 January 2022):**
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust); IREIT Global Group Pte. Ltd. (Manager of IREIT Global)**Other principal directorships**
Changi Airports International Pte Ltd (Chairman); Changi Airport Group (Singapore) Pte. Ltd.**Major Appointments (other than directorships):**
Nil**Past Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):**
Nil**Others:**
Nil**KUNNASAGARAN CHINNIAH**, 64

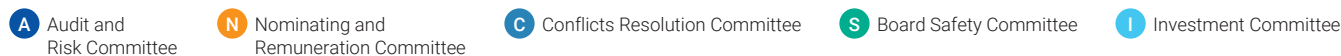
Independent Director

**Date of first appointment as a director:**
1 August 2015**Length of service as a director (as at 31 December 2021):**
6 years 5 months**Board Committee(s) served on:**
Board Safety Committee (Chairman)¹; Audit and Risk Committee (Member); Investment Committee (Member)**Academic & Professional Qualification(s):**
Bachelor of Engineering (Electrical), National University of Singapore; Master of Business Administration, University of California (Berkeley); Chartered Financial Analyst[®]**Present Directorships (as at 1 January 2022):**
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust); Ascendas Funds Management (S) Limited (the Manager of Ascendas REIT); Edelweiss Financial Services Limited (listed in India); Nirlon Limited (listed in India)**Other principal directorships**
Changi Airports International Pte Ltd; Edelweiss Tokio Life Insurance Company Limited; Hindu Endowments Board; Greenko Energy Holdings; Azalea Asset Management Pte Ltd**Major Appointments (other than directorships):**
Consultant, Pavilion Capital International Pte Ltd; Advisor, Archipelago Capital Partners Pte Ltd; Investment Committee Member, Keppel Asia Infra Fund (GP) Pte. Ltd.**Past Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):**
Edelweiss Agri Value Chain Limited; Edelweiss Commodities Services Limited; Edelweiss Finvest Private Ltd**Others:**
Nil**CHRISTINA TAN HUA MUI**, 56

Non-Executive Director

**Date of first appointment as a director:**
15 September 2016**Length of service as a director (as at 31 December 2021):**
5 years 4 months**Board Committee(s) served on:**
Investment Committee (Chairman); Nominating and Remuneration Committee (Member)**Academic & Professional Qualification(s):**
Bachelor of Accountancy (Honours), National University of Singapore; CFA[®] Charterholder**Present Directorships (as at 1 January 2022):**
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust); Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT); Keppel REIT Management Limited (the manager of Keppel REIT)**Other principal directorships**
Keppel Capital Holdings Pte. Ltd.; Alpha Investment Partners Limited; Keppel Capital Alternative Asset Pte. Ltd.**Major Appointments (other than directorships):**
Chief Executive Officer, Keppel Capital Holdings Pte. Ltd.**Past Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):**
Various subsidiaries and associated companies of Alpha Investment Partners Limited and funds managed by Alpha Investment Partners Limited**Others:**
Nil**SUSAN CHONG SUK SHIEN**, 52

Independent Director

**Date of first appointment as a director:**
5 March 2021**Length of service as a director (as at 31 December 2021):**
10 months**Board Committee(s) served on:**
Board Safety Committee (Member)¹**Academic & Professional Qualification(s):**
Harvard Business School Owner/President Management Programme; Executive Master of Business Administration, National University of Singapore**Present Directorships (as at 1 January 2022):**
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)**Other principal directorships**
SkillsFuture Singapore Agency (SSG); Ministry of the Environment & Water Resources, National Environment Agency (NEA); Singapore Gardens By The Bay; Singapore Institute of Management (SIM) Group Limited; Singapore Business Federation Foundation; Greenpac (S) Pte Ltd; Greenphyto Pte Ltd**Major Appointments (other than directorships):**
Chief Executive Officer, Greenpac (S) Pte Ltd; Chief Executive Officer, Greenphyto Pte Ltd; Chairman, E50 Association**Past Directorships held over the preceding 5 years (from 1 January 2017 to 31 December 2021):**
Nil**Others:**
Nil**Board Committees**

¹ On 26 January 2022, the Board approved the cessation of the Board Safety Committee and the Conflicts Resolution Committee and concurrently, the constitution of the Board environmental, social and governance (ESG) Committee, comprising Mr Kunnasagaran Chinniah as Chairman of the Board ESG Committee, and Mr Daniel Cuthbert Ee Hock Huat, Mr Thio Shen Yi and Ms Susan Chong Suk Shien as members. The Board ESG Committee is responsible for, among others, developing and articulating KIT's ESG strategy, as well as overseeing the matters that fall within the purview of the Board Safety Committee and Conflicts Resolution Committee, which includes discharging its responsibilities in health, safety, security and environment matters and reviewing the conflicts or potential conflicts that may arise in the course of KIT's business or operations.

THE TRUSTEE-MANAGER



JOPY CHIANG, 37
Chief Executive Officer

Mr Jopy Chiang was appointed Chief Executive Officer with effect from 1 August 2021.

Mr Chiang joined Keppel Capital in 2019 as Senior Vice President (Investments). He has over a decade of experience across infrastructure investing and investment banking, with US\$10 billion of transaction and advisory experience in developed and emerging markets of Asia-Pacific, Europe and North America. Mr Chiang's investment experience spans the infrastructure spectrum across renewables, regulated utilities, conventional energy, distribution & transmission, transportation, water, waste and digital infrastructure, with transactions closed in key markets such as ASEAN, Australia, China, Japan, UK and USA, and a track record of successful returns to investors.

Mr Chiang was previously the Head of Execution at Mizuho Asia Infra Capital, a captive infrastructure fund owned by Mizuho Bank. Prior to that, he worked at Partners Group, Arcapita and Barclays Capital, and was based in Hong Kong, London and Singapore over the tenure of his career. While in Keppel Capital, Mr Chiang played a key role in the successful launch of the Keppel Asia Infrastructure Fund.

Mr Chiang holds a Master of Finance from the University of Cambridge, UK, and a Bachelor of Business Administration from the National University of Singapore. He is also a CFA® Charterholder.

Mr Chiang's principal directorships include City Energy Pte Ltd (Chairman), Keppel Merlimau Cogen Pte Ltd (Chairman), KM Infrastructure Holdings, Inc. (President, Chairman) and Ixom Holdings Pty Ltd., Australia.



ERIC NG, 46
Chief Financial Officer

Mr Eric Ng was appointed Chief Financial Officer (CFO) of the Trustee-Manager with effect from 1 August 2021. Mr Ng joined the Trustee-Manager in 2017 and held the position of Head of Finance before his appointment as CFO.

As the CFO, Mr Ng is responsible for the Trustee-Manager's and KIT's financial and reporting functions, including accounting, taxation, treasury and compliance.

Mr Ng has more than 20 years of experience in large infrastructure companies, handling roles in group reporting, corporate finance, financial control, corporate tax and treasury.

Prior to joining the Trustee-Manager, Mr Ng held various finance roles within large infrastructure and utility companies including 10 years with the Singapore Power Group. His last held role in Singapore Power Group was the head of treasury settlements division. Mr Ng started his career at KPMG Singapore as an auditor.

Mr Ng holds a Master's Degree in Business Administration from Alliance Manchester Business School, United Kingdom, and a Bachelor of Accountancy degree from Nanyang Technological University, Singapore. He is also a CFA® Charterholder and a Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants.



MARC LIU, 53
Head, Asset Management

Mr Marc Liu has been with the Trustee-Manager since May 2015.

As Head of Asset Management, Mr Liu develops and implements asset management plans to ensure safety, compliance, risk management and emergency response. He is responsible for operational performance and implements asset management plans for KIT's portfolio. Mr Liu also leads in the execution of asset enhancement and upgrading projects. Mr Liu oversees value creation, asset-related operational and technical functions, as well as the financial support function.

Prior to KIT's merger with CitySpring in 2015, Mr Liu was with City Energy as Senior Manager, Business Development in 2005, before moving to CitySpring to become Vice President, Investment in 2007 when it was listed.

His experience with critical infrastructure assets is instrumental in the Trustee-Manager, where he proactively manages business and asset performance to create value, as well as anticipates areas for growth within KIT's portfolio. He monitors the implementation of business plans and other initiatives, including those relating to operations, reporting and environmental, social, governance and safety matters. This helps ensure KIT's assets maintain excellent operational performance, while remaining competitive and compliant.

Mr Liu received his Masters in Finance from San Diego State University, where he graduated with honours as Beta Gamma Sigma and earned his Bachelor of Economics degree from Shanghai University. He is a CFA® Charterholder.

OPERATIONS REVIEW

»» Keppel Infrastructure Trust is committed to achieving operational excellence as it seeks to deliver stable and sustainable returns to Unitholders.



DISTRIBUTION & NETWORK

City Energy, Ixom, Philippine Coastal Storage & Pipeline Corporation, Aramco Gas Pipelines Company

➤ Refer to pages 17 to 20



ENERGY

Keppel Merlimau Cogen Plant

➤ Refer to page 21



WASTE & WATER

Senoko WTE Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant, SingSpring Desalination Plant

➤ Refer to pages 22 to 24

PORTFOLIO OVERVIEW

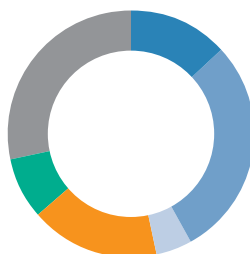
As the Trustee-Manager for Keppel Infrastructure Trust (KIT), Keppel Infrastructure Fund Management is committed to ensuring operational excellence in the day-to-day management of the Trust's portfolio of businesses and assets.

The Trustee-Manager actively engages and works closely with the respective management teams to drive value creation and sustainable growth, as well as with the operations & maintenance personnel and contractors for technical, operational and engineering support.

In doing so, KIT is able to:

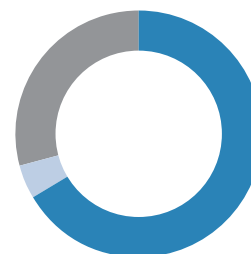
- provide long-term sustainable distributions and growth through proactive and strategic asset management;
- improve operational efficiencies and ensure quality control;
- leverage technology to improve operational performance;
- uphold high standards in health, safety, security and environment (HSSE); and
- strengthen risk management practices through robust business continuity plans and regulatory compliance.

TOTAL ASSETS BY BUSINESSES (%)
as at 31 December 2021



| | |
|---|----------------------------|
| • City Energy | 13.3 |
| • Ixom | 28.9 |
| • Philippine Coastal | 4.7 |
| • KMC | 16.8 |
| • Water & Waste | 8.2 |
| • Trust assets and non controlling interest | 28.1 |
| Total | \$4.5 billion 100.0 |

TOTAL ASSETS BY GEOGRAPHY (%)
as at 31 December 2021



| | |
|--|----------------------------|
| • Singapore | 66.4 |
| • Philippines | 4.7 |
| • Australia, New Zealand and other countries | 28.9 |
| Total | \$4.5 billion 100.0 |

KEPPEL INFRASTRUCTURE TRUST'S PORTFOLIO COMPRISES:

| DISTRIBUTION & NETWORK | | | | |
|---|---|--|--|--|
| Asset | KIT's Interest | Business | Customer | Contract Terms |
| City Energy | 100%/City Energy Trust owns 51% interest in City-OG Gas and 100% interest in City Energy Go | Sole producer and retailer of town gas, and green energy solutions provider | Approximately 872,000 residential, commercial and industrial customers | – |
| Ixom | 100% | Supplier and distributor of key water treatment, industrial and specialty chemicals in Australia and New Zealand | Over 3,500 customers comprising municipalities and blue-chip companies | – |
| Philippine Coastal Storage & Pipeline Corporation (Philippine Coastal) ¹ | 50% | The largest petroleum products storage facility in the Philippines, located in the Subic Bay Freeport Zone | Blue-chip customers | USD-denominated "take-or-pay" contracts with no direct exposure to petroleum price and volume risk |
| Aramco Gas Pipelines Company ² | Indirect minority and non-controlling stake | Holds a 20-year lease and leaseback agreement over the usage rights of Aramco's gas pipelines network | Aramco, one of the largest listed companies globally | 20-year period from 2022 |
| ENERGY | | | | |
| Asset | KIT's Interest | Business | Customer | Contract Terms |
| Keppel Merlimau Cogen Plant (KMC) | 51%/Keppel Energy Pte. Ltd. owns 49% interest in KMC | 1,300 MW combined cycle gas turbine power plant capacity tolling agreement | Keppel Electric | 2030, with option for 10-year extension (underlying land lease till 2035, with option for 30-year extension) |
| WASTE & WATER | | | | |
| Asset | KIT's Interest | Business | Customer | Contract Terms |
| Senoko Waste-to-Energy (WTE) Plant | 100% | 2,310 tonnes/day waste incineration concession | NEA, Singapore's National Environment Agency | 2024 |
| Keppel Seghers Tuas WTE Plant | 100% | 800 tonnes/day waste incineration concession | NEA, Singapore's National Environment Agency | 2034 |
| Keppel Seghers Ulu Pandan NEWater Plant ³ | 100% | 148,000 m ³ /day NEWater concession | PUB, Singapore's National Water Agency | 2027 |
| SingSpring Desalination Plant ⁴ | 70%/Hyflux Ltd owns 30% interest in SingSpring | 136,380 m ³ /day seawater desalination concession | PUB, Singapore's National Water Agency | 2025 (underlying land lease till 2033) |

¹ KIT and Metro Pacific Investments Corporation (MPIC) each indirectly holds an approximately equal percentage of interest in Philippine Coastal Storage & Pipeline Corporation, with KIT indirectly holding one voting share more than MPIC.

² The investment in Aramco Gas Pipelines Company was completed on 23 February 2022.

³ Keppel Seghers Ulu Pandan NEWater Plant has an overall capacity of 162,800 m³/day, of which 14,800 m³/day is undertaken by Keppel Seghers Engineering Singapore.

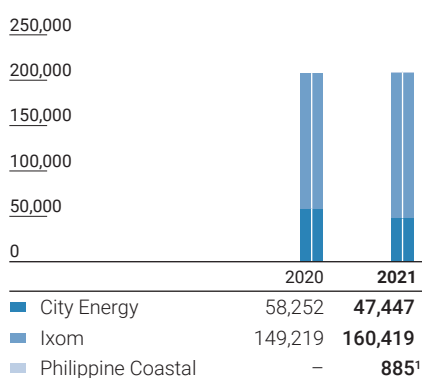
⁴ In July 2021, KIT announced that it will acquire the remaining 30% stake in SingSpring Desalination Plant. The acquisition is subject to lenders' and regulatory approvals.

OPERATING REVIEW

DISTRIBUTION & NETWORK

- CITY ENERGY
- IXOM
- PHILIPPINE COASTAL
- ARAMCO GAS PIPELINES COMPANY

EBITDA (\$'000)



¹ Share of net profit for Philippine Coastal is used to arrive at the Group EBITDA of \$317.6 million.

CITY ENERGY OVERVIEW

With a long heritage of 160 years as Singapore's sole provider of piped town gas, City Gas has been rebranded City Energy to reflect its business in providing innovative green energy solutions that meet the needs of a growing city.

City Energy produces and distributes piped town gas safely and reliably to residential, commercial and industrial customers islandwide, while offering low-carbon, IoT-enabled home solutions and electric vehicle charging services through City Energy Life and City Energy Go respectively.

City Energy's facility in Singapore, Senoko Gasworks, has a production capacity of 1.6 million m³ per day. As the only facility producing town gas in Singapore, Senoko Gasworks generates town gas using three continuous reforming plants and five cyclic reforming plants, each with a production capacity of 200,000 m³ per day. The plants are equipped to use both natural gas and light virgin naphtha as feedstock. The town gas produced can either be stored in two spherical gasholders or sent out through the distribution network to customers.

Every day, gas production is monitored, controlled and directed 24 hours a day from a central control room. At the heart of the central control room is a fully automated distribution control system. The computerised distribution control system enables the experienced plant

controllers to operate, monitor and oversee the gas production and ancillary plant.

To encourage the adoption of low carbon emission gas appliances, City Energy also markets co-branded products such as gas water heaters, clothes dryers, gas hobs and other home appliances to its residential customers.

OPERATING REVIEW

In 2021, City Energy achieved 100% gas production availability at its Senoko Gasworks facility, supplying a constant and reliable energy source for homes and businesses.

City Energy's customer base grew by 0.7% year-on-year to approximately 872,000 as at end-December 2021. Despite the expanded customer base, City Energy saw slightly lower gas demand in 2021, due mainly to the lower consumption from Commercial & Industrial customers amid the prolonged COVID-19 restrictions.

In the residential segment, City Energy installed gas supply infrastructure to approximately 13,400 newly constructed condominium developments and Housing Development Board flats across 103 new developments, which was approximately 24.1% higher compared to 2020, as more developments were completed in the year. City Energy also installed over 3,000 gas water heaters in public housing and over 500 in private condominiums in 2021.

OPERATING REVIEW DISTRIBUTION & NETWORK

» In 2021, Ixom continued to deliver strong performance, supported by robust demand for liquefied chlorine and coagulants.

As part of its transformation journey, City Energy is ramping up in the IoT-enabled home solutions and electric vehicle charging services space.

Retail sales at City Energy Life have returned to pre-pandemic levels, with higher demand for co-branded gas appliances such as gas water heaters, dryers and hobs. This follows a makeover at the City Energy Life retail store in Plaza Singapura as part of its launch of the new low-carbon IoT-enabled kitchen solutions, which showcase live gas connections to smart appliances such as hob, hood, oven, and gas water heater.

To grow its electric vehicle charging services business, City Energy Go will continue to leverage its large retail following to grow its customer base over the next five years, as adoption of electric vehicles in Singapore grows.

To improve customer satisfaction, City Energy has set up an Installation and Contract Services arm in 2021 to meet the needs of its growing customer base. Moving forward, this new business unit will also explore new services within the town gas ecosystem to better support its customers.

Looking ahead, City Energy will continue to leverage its core competencies and large customer base to pursue growth opportunities through the introduction of new applications and implementation of strategic initiatives.

To reduce carbon emissions and support a low carbon future, City Energy is also exploring the use of imported green hydrogen as a feedstock for production of town gas. In December 2021, City Energy announced its collaboration with Woodside Energy Ltd, Keppel Data Centres Holding Pte Ltd, Osaka Gas Singapore Pte Ltd. and City-OG Gas Energy Services Pte Ltd. to study the feasibility of a long-term and stable supply chain of green Liquid Hydrogen from Western Australia to Singapore. This will support the Singapore Green Plan, which charts ambitious and concrete targets over the next 10 years, furthering Singapore's commitments under the United Nation's 2030 Sustainable Development Agenda and Paris Agreement, and to achieve its long-term net zero emissions aspirations.

City Energy will continue to maintain high readiness and minimise disruptions to town gas supply through its robust business continuity framework. City Energy remains committed to uphold a strong safety culture and provide a safe work environment for its employees and contractors.

In 2021, there were no reportable workplace safety incidents.

IXOM OVERVIEW

Ixom is a leading industrial infrastructure business headquartered in Australia with operations spanning eight countries, including New Zealand, Southeast Asian countries and the United States.

Ixom delivers specialised source water and wastewater treatment solutions critical for clean water supply. Ixom is also a supplier of essential chemical products, solutions and food ingredients.

In Australia, Ixom is the sole manufacturer of liquefied chlorine, as well as the leading provider of manufactured caustic soda. The group also operates one of the largest bulk and packaged chemical distribution businesses in Australia and New Zealand. The chemicals manufactured and distributed by Ixom are fundamental components used in a range of industries including the water treatment, dairy, agriculture, mining and construction sectors.

Ixom's leading position in its core markets of Australia and New Zealand is supported by its strong value propositions and competitive advantages such as the scale of its business, expertise in the management of dangerous goods in highly regulated markets, as well as its competencies in shipping, storage and transportation of bulk liquids and gases.

Ixom is supported by approximately 1,000 employees and its business is underpinned by the extensive scale and strategic locale of its assets, facilities and distribution network, which are in close proximity to key ports and customers. The locations of its assets and facilities allow Ixom to benefit from lower transportation costs, while ensuring

reliability and timely delivery of its products and services to its customers in a safe manner.

OPERATING REVIEW

In 2021, Ixom continued to deliver a strong set of performance, supported by strong demand for liquefied chlorine and coagulants. As a leading supplier of essential chemical products and solutions, Ixom renewed several key contracts with major customers for multi-year terms in both the chloralkali and traded products businesses, which benefited the water and industrial sectors in the markets where Ixom operates.

During the year, Ixom has augmented its market position through bolt-on acquisitions that enhance its product offerings. In May 2021, Ixom acquired Australian Botanical Products (ABP), a market leader in the manufacturing and distribution of essential oils in Australia. ABP supports the growth in Ixom's Life Sciences business by bolstering its local manufacturing capability and expanding its customer base.

In August 2021, Ixom expanded its traded products offerings through the acquisition of an established industrial talc import and distribution business in Australia and New Zealand. Talc is a key component required in the building and construction, and agriculture sectors.

In December 2021, Ixom strengthened its foothold in the green chemicals sector with the acquisition of SCR Solutions. Based in New Zealand, SCR Solutions is a leading manufacturer and distributor of emissions reduction solution AdBlue®, which is added to diesel in trucks to reduce harmful emissions. Ixom will leverage its extensive network in Australia to grow this business.

In New Zealand, following the successful establishment of the sodium hypochlorite plant in Mount Maunganui in 2020, the business has seen record volumes of output with strong demand from water authorities and the pool disinfection market.

As part of its portfolio optimisation strategy to divest non-core assets and focus on core capabilities, Ixom completed the divestment of its Fiji business in January 2022.



The pandemic continues to pose challenges for supply chain management globally. Ixom continues to manage and mitigate the effects of its supply chain and product curtailment by leveraging its extensive global supply chain and in-house logistics capabilities to ensure the prompt delivery and distribution of its products.

The Laverton and Botany Chloralkali plants achieved 100% availability during the year. Ixom continued to see strong market demand for its key products, chlorine, caustic soda and sodium hypochlorite, which are used in disinfectant products for hospital-grade cleaning, food and health sectors, as well as to purify drinking water.

As an Australian Trusted Trader, Ixom's operations and businesses are certified by ISO 9001:2015 Quality Management System. Ixom is committed to be a trusted supplier for its customers through excellence in quality and food safety. Its Food Safety System Certification (FSSC) 22000 is recognised by the Global Food Safety Initiative and is based on

existing ISO standards. Safety and Quality Management Systems are regularly audited by the relevant statutory authorities to ensure that permits and licenses are maintained and compliant with regulatory requirements.

Notwithstanding the COVID-19 pandemic, Ixom has proven to be a highly resilient business with robust business continuity plans, operational strength and execution capabilities.

In 2021, there were three minor reportable workplace safety incidents at Ixom. More information is available in KIT's Sustainability Report on page 56.

PHILIPPINE COASTAL OVERVIEW

Philippine Coastal is the largest independent petroleum products import storage facility in the Philippines. Sited on a combined land area of approximately 150 hectares and comprising three tank farms and one marine terminal area, the business leases and operates a storage capacity of approximately six million barrels.

Despite the pandemic and resulting lockdowns, Ixom saw strong market demand for its key products, which are used in disinfectant products for hospital-grade cleaning.

OPERATING REVIEW DISTRIBUTION & NETWORK

Strategically located in the Subic Bay Freeport Zone, Philippine Coastal is well placed to capture demand in Metro Manila and North Luzon by road and Central Philippines by sea going barges, meeting more than half of the fuel product demand in the Philippines.

The Subic Bay Freeport Zone is easily accessible by major oil refiners and traders, located in North and Southeast Asia via medium range vessels. The jetty located within Subic Bay has deep draft levels that are conducive to facilitate berthing of a large variety of ships. The Subic Bay Freeport Zone is also naturally sheltered from typhoons, providing Philippine Coastal's customers with good year-round access.

Philippine Coastal also provides storage for blended fuels with bio-additives, including ethanol and coconut methyl ester, in line with the Philippine government's initiatives for clean fuels.

OPERATING REVIEW

In 2021, operations at Philippine Coastal remained resilient, with 4.3 million barrels under contract as at end-December 2021.

Utilisation rate of available capacity improved to 72.1% as at end-December 2021,

an improvement from 66.0% when it was acquired in January 2021, with the commencement of new contracts. A large majority of customers are on "take-or-pay" contracts, which significantly reduces Philippine Coastal's exposure to petroleum price and volume risks.

Being the largest independent petroleum products storage facility in the country, Philippine Coastal expects fuel storage demand to improve as the Philippines economy recovers gradually from the pandemic. Philippine Coastal is converting several gas oil tanks to support the increase in storage demand for economical grade gasoline.

Despite the prolonged COVID-19 restrictions, Philippine Coastal achieved 100% operating availability in 2021.

All petroleum fuels stored at Philippine Coastal are checked and only received if they meet the minimum EURO4 standards in accordance with internationally agreed sulfur emission targets. There were no reportable workplace safety incidents in 2021.

ARAMCO GAS PIPELINES COMPANY OVERVIEW

Aramco Gas Pipelines Company holds a 20-year lease and leaseback agreement

over the usage rights of Saudi Arabian Oil Company's (Aramco) gas pipelines network.

Following the completion of KIT's investment in an indirect minority and non-controlling stake in Aramco Gas Pipelines Company in February 2022, the Trust will receive quarterly payments backed by a minimum volume commitment from Aramco.

Aramco retains the legal title to, and the sole operational control of the pipeline assets.

BASSLINK OVERVIEW

Following the expiry of the standstill agreement with the State of Tasmania and Hydro Tasmania, Basslink entered into voluntary administration on 12 November 2021. Operations of Basslink were subsequently taken over by the receiver and manager appointed by the lenders.

Basslink owns and operates a 370-km high-voltage, direct-current monopole electricity interconnector between the electricity grids of the States of Victoria and Tasmania in Australia. As the only electricity interconnector between Tasmania and mainland Australia, Basslink facilitates the transmission of electricity between Tasmania and Victoria.

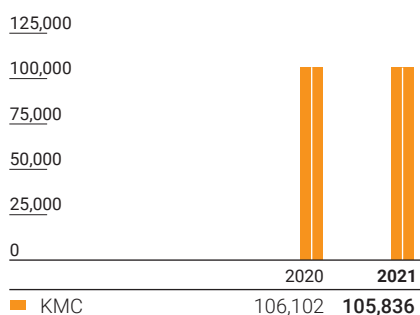


◀ Aramco Gas Pipelines Company holds a 20-year lease and leaseback agreement over the usage rights of Saudi Arabian Oil Company's (Aramco) gas pipelines network.

OPERATING REVIEW ENERGY

• KEPPEL MERLIMAU COGEN PLANT

EBITDA (\$'000)



KEPPEL MERLIMAU COGEN PLANT OVERVIEW

Located on Jurong Island, the Keppel Merlimau Cogen Plant (KMC) is a 1,300 MW combined cycle gas turbine generation facility. Connected to Singapore's electricity transmission network, the plant provides electricity to the industrial sector in Singapore.

KMC was the first independent power project to enter the Singapore electricity market when the New Energy Market of Singapore was implemented in January 2003. The plant was constructed in two phases. Phase I has a generation capacity of 500 MW and commenced commercial operation in April 2007. The plant completed an expansion of another two power trains of 400 MW each in March and July 2013 respectively.

KMC has a 15-year Capacity Tolling Agreement (CTA) with Keppel Electric that commenced on 30 June 2015, with an option to extend for a further 10 years. Under the terms of the CTA, KMC receives capacity payment from Keppel Electric for making available the full capacity of the plant. The capacity payment is paid monthly regardless of the actual power production of

the plant and does not vary with electricity demand. KMC has no tariff exposure to the Singapore wholesale electricity market and has no exposure to carbon taxes and fluctuations in fuel oil prices.

The CTA ensures long-term and predictable cash flows for KMC, while allowing most of KMC's operating costs to be passed through.

OPERATING REVIEW

In 2021, the plant achieved a contractual availability of 99.6%, excluding planned maintenance and outage allowances. This contractual availability was higher compared to the 98% achieved in 2020. There were no reportable workplace safety incidents in 2021.

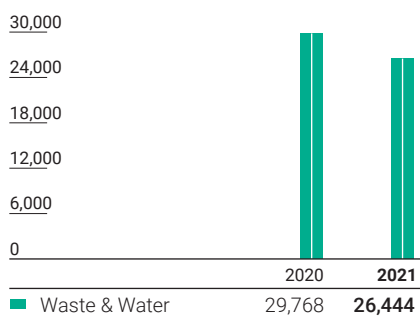
KMC achieved the pre-set carbon emission targets under the seven-year \$700 million sustainability-linked loan in 2021, which allowed KIT to enjoy a lower interest rate on the KMC facility. The loan is linked to the carbon emissions intensity performance of KMC, which involves benchmarking KMC's carbon emissions intensity against the Grid Emission Factor index, as well as demonstrating continuous improvement in the plant's carbon emissions intensity.

OPERATING REVIEW

WASTE & WATER

- SENOKO WTE PLANT
- KEPPEL SEGHERS TUAS WTE PLANT
- KEPPEL SEGHERS ULU PANDAN NEWATER PLANT
- SINGSPRING DESALINATION PLANT

EBITDA (\$'000)



SENOKO WTE PLANT AND KEPPEL SEGHERS TUAS WTE PLANT OVERVIEW

The Senoko Waste-to-Energy (WTE) and Keppel Seghers Tuas WTE plants have a combined capacity to treat approximately 40% of Singapore's incinerable waste.

In diverting refuse away from landfills, incineration plants help mitigate greenhouse gas emissions as landfills release methane gas when organic waste decomposes. Modern incineration plants can also reduce the volume of waste by as much as 90%, thus significantly extending the lifespan of landfills. At the same time, by using waste as fuel, incineration plants produce green energy, and reduce reliance on fossil fuels.

The Senoko WTE Plant is Singapore's third waste incineration plant, and the only waste incineration plant located outside of Tuas to serve the eastern, northern and central parts of Singapore. It is equipped with six incinerator-boiler units with two condensing turbine-generators offering a power generation capacity of 2 x 28 MW. Waste incineration is carried out at the plant 24 hours a day throughout the year.

The Keppel Seghers Tuas WTE Plant is Singapore's fifth waste incineration plant and the first to be built under the National Environment Agency of Singapore's (NEA) Public-Private Partnership initiative. The plant incorporates Keppel Seghers'

proprietary technologies such as the air-cooled grate and flue gas treatment system and is the first waste incineration plant in Singapore to showcase proprietary WTE technology from a local company.

Both the Senoko WTE and Keppel Seghers Tuas WTE Plants have long-term Incineration Services Agreements (ISA) with NEA for 15 years (from September 2009), and 25 years (from November 2009) respectively. The majority of their income is from fixed capacity payments, which deliver stable cash flows to the Trust.

OPERATING REVIEW

In 2021, the Senoko WTE and Keppel Seghers Tuas WTE Plants met all the required Performance and Customer Service Standards under the ISAs. In addition to full Fixed Capacity Payments from NEA for meeting their Contracted Incineration Capacity (CICs), the plants also received variable payment for refuse incineration service and incentives payment for electricity exported.

Both plants also met the requirements under their respective ISAs in 2021. The Senoko WTE Plant achieved a Time Availability Factor of 77.9% (for the 12th contract year ended 31 August 2021), fulfilling NEA's 74.3% threshold for KIT's fixed capacity payments. Similarly, the Keppel Seghers Tuas WTE Plant achieved a Time Availability Factor of 91.3% (for the 12th contract year

ended 31 October 2021), exceeding the 78.7% threshold.

The Senoko WTE and Keppel Seghers Tuas WTE plants also met other obligations under the ISA, namely Average Total Organic Content of bottom ash, Turnaround Time of refuse trucks and electricity generation. Both plants achieved Tested Incineration Capacities (TICs) above their CICs. The new TICs for the Senoko WTE and Keppel Seghers Tuas WTE Plants were 3,188 tonnes and 1,008 tonnes per day respectively.

In 2021, there was one reportable workplace safety incident at the Senoko WTE Plant. More information is available in KIT's Sustainability Report on page 56.

KEPPEL SEGHERS ULU PANDAN NEWATER PLANT

OVERVIEW

KIT, through the Ulu Pandan Trust, owns the Keppel Seghers Ulu Pandan NEWater plant. The plant is one of the largest NEWater plants in Singapore. The Keppel Seghers Ulu Pandan NEWater Plant entered into a 20-year NEWater Agreement (NWA) with PUB, Singapore's National Water Agency, in March 2007, and is responsible for

meeting the water demands of Singapore's industrial and commercial sectors.

OPERATING REVIEW

The Keppel Seghers Ulu Pandan NEWater Plant received its full availability payment in 2021 as the warranted capacity was greater than or equal to 148,000 m³ per day.

The plant also achieved 99.9% plant availability in 2021, while fulfilling other requirements under the NWA, namely the required storage level, quality specifications of NEWater and residual waste produced.

Ulu Pandan Trust's cash flows fluctuate with changes in power revenue received from PUB, which is regularly adjusted to historical changes in high-sulfur fuel oil, which does not always move in tandem with electricity price due to time lag. To mitigate the risk of cost matching, the Trustee-Manager had taken measures to fix the electricity price, ensuring stability in cash flows.

The plant features a solar photovoltaic system on its rooftops, which helps lower the carbon footprint of the plant and contributes to the national effort to reduce

dependency on non-renewable sources of energy. In 2021, the plant generated close to 1.1 GWh of renewable energy, equivalent to the total energy consumption of approximately 250 four-room households annually.

There were no workplace safety incidents in 2021.

SINGSPRING DESALINATION PLANT OVERVIEW

SingSpring Trust, which is 70% owned by KIT, owns the SingSpring Desalination Plant. This is Singapore's first large-scale seawater desalination plant.

The plant has a supply capacity of 136,380 m³ of potable desalinated water per day.

The plant contributes to one of the "Four National Taps" in PUB's strategy to meet Singapore's water needs. The "Four National Taps" are local catchment water, imported water from Johor, NEWater and desalinated water. The plant continues to be an important facility that ensures sufficient water resources for Singapore, especially during periods of low rainfall.



The Keppel Seghers Ulu Pandan NEWater Plant achieved 99.9% plant availability in 2021.

OPERATING REVIEW WASTE & WATER

Located in Tuas, the plant utilises cost and energy efficient reverse osmosis technology. At the time of its completion, it was the largest membrane-based seawater desalination plant in the world with one of the largest reverse osmosis trains.

The plant also adopts an advanced energy recovery system, which improves its energy-efficiency and cost-effectiveness. The SingSpring Desalination Plant undergoes periodic reviews and audits by both internal and external parties to ensure its Operations & Maintenance practices are in line with industry standards.

The SingSpring Desalination Plant ensures that both the quality and quantity of desalinated water it produces meet all the requirements under the Water Purchase Agreement (WPA) with PUB. It is committed to make available 100% of the plant's water

capacity to PUB for the 20-year period of the WPA, which commenced in December 2005.

OPERATING REVIEW

Excluding planned and unplanned maintenance works, the SingSpring Desalination Plant achieved 96.5% availability in 2021.

KIT has increased its monitoring of operational performance at the plant to ensure that its obligations under the WPA are satisfactorily discharged.

In July 2021, KIT announced that it will acquire the remaining 30% stake in the SingSpring Desalination Plant from Hyflux Ltd, and the acquisition is expected to be completed in the first half of 2022, subject to lenders and regulatory approvals. When completed, the acquisition will enhance the operational and business continuity of the asset.

The SingSpring Desalination Plant receives capacity payment from PUB for making available the full water capacity of the plant upon demand. The capacity payment is paid throughout the term of the 20-year WPA, regardless of whether the plant supplies any water to PUB and does not vary with the volume of water supplied. This ensures long-term and predictable cash flows for the plant.

The plant receives output payment from PUB for the variable costs in supplying water to PUB. The payment is pegged to the volume of water supplied.

The SingSpring Desalination Plant completed its annual Net Dependable Capacity Test in December 2021 and met all contractual requirements.

In 2021, there was one reportable workplace safety incident. More information is available in KIT's Sustainability Report on page 56.



◀ KIT announced that it will acquire the remaining 30% stake in the SingSpring Desalination Plant from Hyflux Ltd, which is expected to be completed in the first half of 2022.



FINANCIAL REVIEW

» KIT DELIVERED RESILIENT RESULTS IN FY 2021 DRIVEN BY ROBUST OPERATIONAL PERFORMANCE AND GROWTH ACROSS ITS BUSINESSES AND ASSETS.

DISTRIBUTION PER UNIT

3.78 cts

a 1.6% increase from FY 2020

In FY 2021, the Group reported revenue of \$1,575.0 million, 5.1% higher compared to FY 2020. The increase in revenue was contributed by Ixom, which delivered a record performance in the year driven by strong growth across its business segments, as well as the Keppel Merlimau Cogen Plant (KMC) which saw higher contractual availability.

KIT delivered Group earnings before interest, tax, depreciation and amortisation (EBITDA) of \$317.6 million and free cash flow to equity (FCFE) of \$192.2 million in FY 2021, which was 3.2% and 14.8% lower than FY 2020 respectively, due mainly to the under recovery of fuel cost at City Energy as a result of the timing differences in the fuel price pass through gas tariff mechanism, which is designed to ensure that KIT is no exposed to fuel price risk over time.

City Energy has no material exposure to fuel price risk as fuel price is passed through to customers and the over and under recovery balances out over time.

The Group recorded a loss attributable to Unitholders of the Trust of \$128.8 million for FY 2021, compared to a loss of \$34.5 million in FY 2020, due mainly to the derecognition of Basslink following its voluntary administration on 12 November 2021.

Supported by the strong and stable performance at Ixom since its acquisition in 2019 and the resilient cash flow contribution by the KIT portfolio in the last two years, the Group declared DPU of 3.78 cents in FY 2021, a 1.6% increase from FY 2020. This is the first increase from the 3.72 cents annual payout since 2016.

FINANCIAL REVIEW

The Group recorded total assets and liabilities of \$4,500.8 million and \$2,760.7 million as at 31 December 2021, as compared to \$4,929.5 million and \$3,435.6 million in 2020. Accordingly, the Group reported net current asset of \$802.1 million as at 31 December 2021 as compared to net current liabilities of \$41.5 million, due to the derecognition of Basslink.

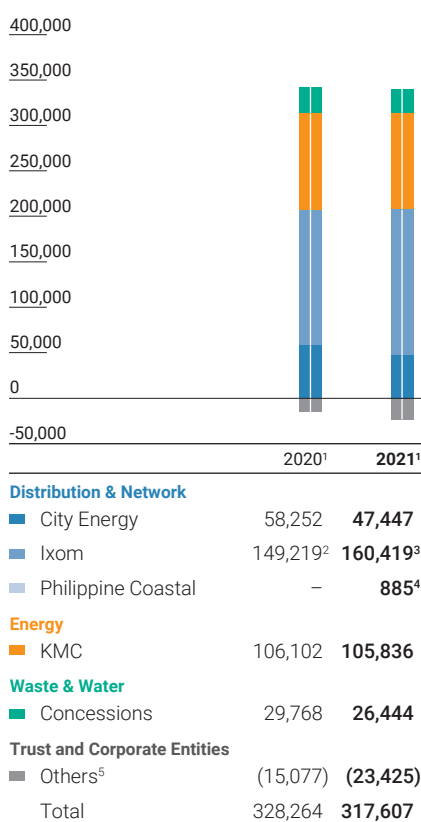
Total Unitholders' funds stood at \$1,111.7 million as at 31 December 2021, 2.6% lower compared to 31 December 2020, due to distributions paid, hedging reserve movements and loss attributable to Unitholders of the Trust in FY 2021.

Net cash generated from operating activities in FY 2021 was \$249.3 million, 26.4% lower compared to FY 2020, due largely to the derecognition of Basslink and the timing difference in working capital in the year.

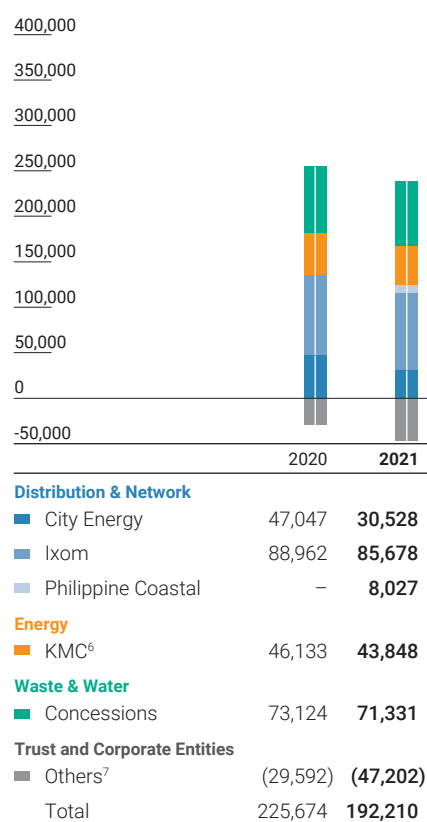
Net cash used in investing activities of \$276.0 million in FY 2021 relates mainly to capital expenditure, KIT's acquisition of Philippine Coastal Storage & Pipeline Corporation (Philippine Coastal), as well as Ixom's acquisitions of Australian Botanical Products and SCR Solutions in the year.

Net cash from financing activities of \$283.7 million in FY 2021 mainly relates to the issuance of \$300 million perpetual securities and \$200 million 3% notes as part of the \$2 billion Multicurrency Debt Issuance Programme, partially offset by the repayment of borrowings, as well as the payment of distributions to Unitholders and perpetual securities holders.

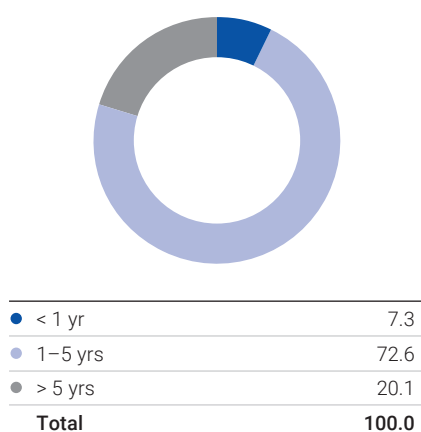
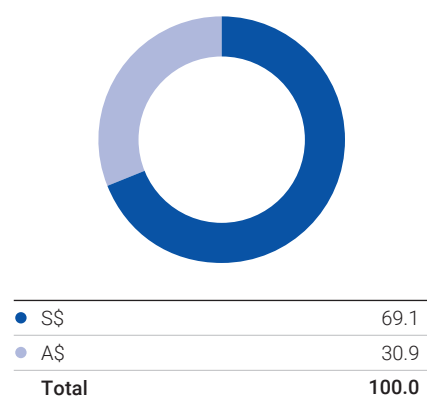
GROUP EBITDA (\$'000)



FCFE (\$'000)



- ¹ Excludes loss on derecognition of Basslink following the voluntary administration (\$161.9 million), one-off acquisition related cost incurred and expenses related to a fair value review exercise undertaken by Ixom following its acquisitions of assets and businesses (\$6.5 million), impairment loss on Ixom's assets mainly in relation to the cessation of operations of a long-term customer (\$21.7 million). Group EBITDA is \$127.5 million without the adjustments.
- ² Excludes one-off acquisition related cost incurred for Ixom's acquisition of Medora (\$0.8 million) and Ixom's divestment of its Latin America and China Life Science businesses (\$16.8 million).
- ³ Excludes one-off acquisition related cost incurred and expenses related to fair value review exercise undertaken by Ixom following its acquisitions of assets and businesses (\$6.5 million), impairment loss on Ixom's assets mainly relating the cessation of operations of a long-term customer (\$21.7 million).
- ⁴ Share of net profit for Philippine Coastal is used to arrive at the Group EBITDA of \$317.6 million.
- ⁵ Comprises KIT's Trust expenses and Trustee-Manager Fees.
- ⁶ Based on KIT's 51% stake in KMC.
- ⁷ Comprises Trust expenses and distribution paid/payable to perpetual securities holders, Trustee-Manager fees and financing costs.

DEBT REPAYMENT PROFILE (%)
as at 31 December 2021DEBT BREAKDOWN BY CURRENCY (%)
as at 31 December 2021

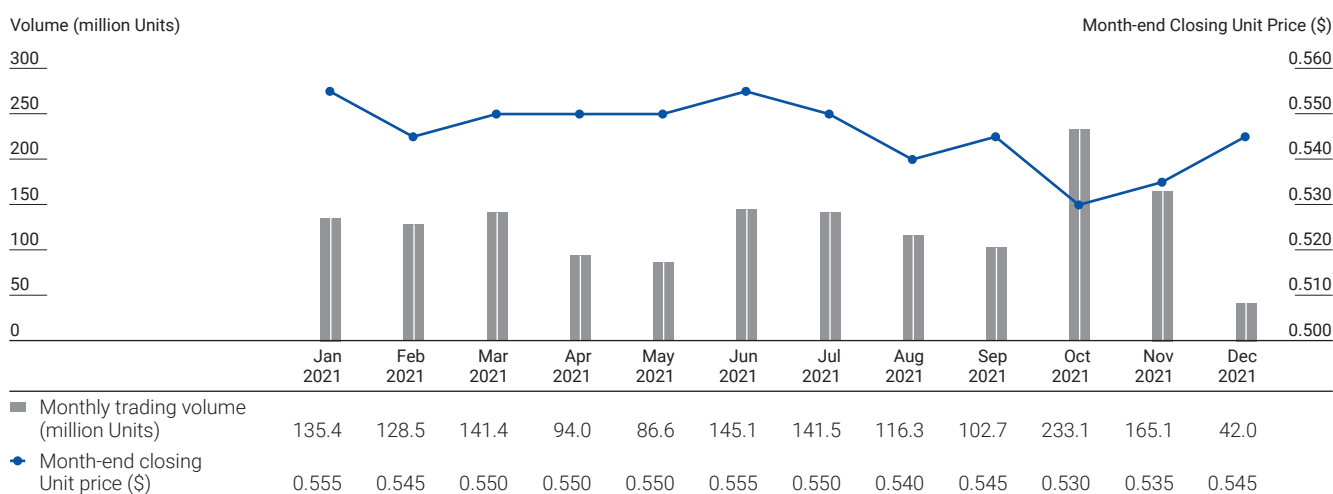
UNIT PRICE PERFORMANCE

KIT's market closing price was \$0.545 per Unit as at 31 December 2021. Over 1.5 billion Keppel Infrastructure Trust (KIT) Units were traded in FY 2021, with a daily average trading volume of 6.1 million Units.

KIT declared a total distribution per Unit (DPU) of 3.78 cents in FY 2021, which is a 1.6% increase from FY 2020. This is the first increase from the Trust's historical annual payout of 3.72 cents since FY 2016.

The FY 2021 DPU translates to a distribution yield of 6.9%, based on KIT's closing price of \$0.545 as at 31 December 2021. Total Unitholder return was 7.0% in 2021.

MONTHLY TRADING PERFORMANCE

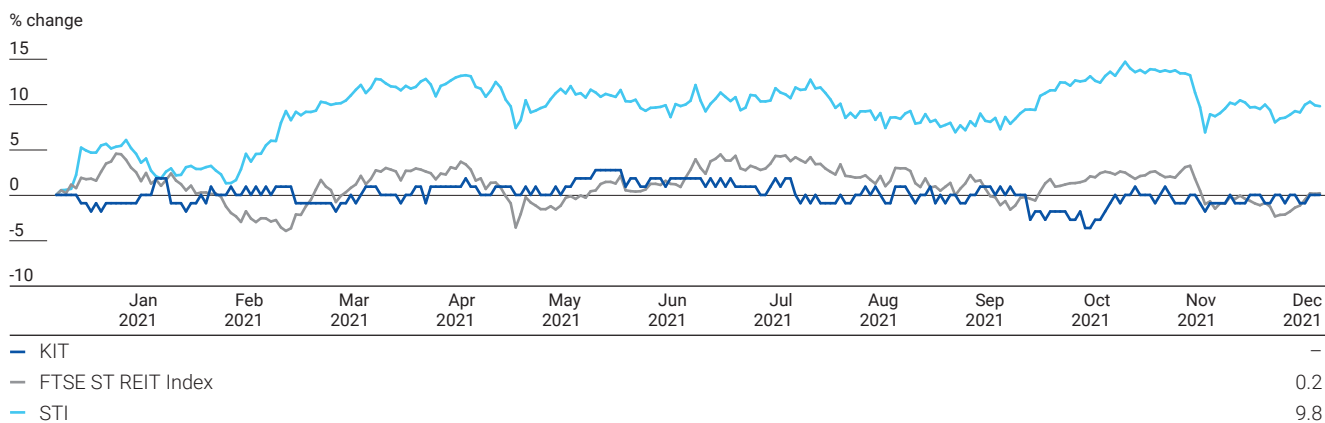


UNIT PRICE PERFORMANCE (\$ per Unit)

| | 2021 | 2020 |
|---|---------|---------|
| Highest closing price | 0.560 | 0.560 |
| Lowest closing price | 0.525 | 0.360 |
| Average closing price | 0.545 | 0.526 |
| Closing price on last trading day of the year | 0.545 | 0.545 |
| Trading volume (million Units) | 1,531.7 | 2,037.0 |

COMPARATIVE YIELDS (%)
as at 31 December 2021

| | |
|---------------------------|-----|
| KIT | 6.9 |
| FTSE ST REIT Index | 4.3 |
| Straits Times Index (STI) | 3.2 |
| CPF Ordinary Account | 2.5 |
| 10-year SG Govt bond | 1.7 |
| 5-year SG Govt bond | 1.4 |

UNIT PRICE PERFORMANCE AGAINST INDICES (%)
for the period from 1 January 2021 to 31 December 2021

Sources: Bloomberg, Monetary Authority of Singapore and Central Provident Fund.

AMID THE PROTRACTED PANDEMIC, THE TRUSTEE-MANAGER CONTINUED TO LEVERAGE TECHNOLOGY IN ITS ENGAGEMENT WITH UNITHOLDERS AND THE INVESTMENT COMMUNITY.



KIT's virtual Annual General Meeting on 20 April 2021 was broadcast from Keppel Bay Tower.

ENHANCING DIALOGUE AND DEEPENING RELATIONSHIPS

Amid the protracted pandemic, the Trustee-Manager continued to leverage technology in its engagement with Unitholders and the investment community.

To ensure effective communications and foster deeper relationships in place of physical meetings, video conferences were held with investors based in Singapore, Abu Dhabi, Australia, Europe, Hong Kong, Japan, Korea, Malaysia, North America, Thailand, Taiwan and the UK. In total, the Trustee-Manager engaged more than 220 investors and analysts in 2021.

In May 2021, Keppel Capital hosted its inaugural Keppel Capital Day in partnership with DBS to reach out to global institutional investors. As one of the asset managers under Keppel Capital, the Trustee-Manager engaged with investors via a fireside chat on the opportunities in the digital and infrastructure space, followed by a question and answer session.

The Manager also proactively engaged with retail Unitholders in 2021 through various platforms including webinars and dialogue sessions. The Investor Relations (IR)

team participated in a live chat session at the Virtual REITs Symposium in May 2021.

ARTICULATING A RENEWED FOCUS ON GROWTH

In 2021, the Trustee-Manager undertook a strategic review of KIT's business and identified new platforms that will propel KIT into its new growth phase.

In unveiling its renewed focus, the Trustee-Manager reaffirmed KIT's commitment to build a well-diversified portfolio of infrastructure businesses and assets that generate long-term growth in distributions and contribute to a sustainable future. Management articulated its strategy to focus on core and core plus infrastructure businesses and assets that will benefit from secular growth trends.

In explaining KIT's critical role in driving the circular economy through the provision of electricity and gas, managing waste, and enhancing water security, management stressed the importance of placing environmental, social and governance (ESG) factors at the core of KIT's strategy to create value and achieve growth.

The Trustee-Manager also addressed queries on the Trust's performance, industry outlook, growth in distribution per Unit,

Unitholder Enquiries

For more information, please contact the IR team at:

Telephone:
(65) 6803 1857

Email:
investor.relations@kepinfratrust.com

Website:
www.kepinfratrust.com

as well as its sustainability targets and implementation roadmap.

The Trustee-Manager values feedback and welcomes questions from the investment community, through its communications channels, and the IR contact is available on the KIT corporate website and media releases.

DIGITALISING COMMUNICATION PLATFORMS

KIT announces its financial results on a half-yearly basis and provides interim business updates for the first and third quarters of the financial year. To enhance stakeholder engagement, the Trustee-Manager announced its half- and full-year financial results via a live audio webcast, starting with a presentation by Management followed by a live question and answer session.

To ensure prompt, transparent and information alignment, KIT's website provides investors with up-to-date information on the Trust's performance and developments. Investors may also subscribe to email alerts to keep abreast of key developments at KIT.

In compliance with government advisories and regulations for COVID-19, KIT held its Annual General Meeting (AGM) on 20 April 2021 electronically. Resolutions

for the AGM were polled ahead of the event and an independent scrutineer was appointed to count and validate the votes. Results were announced at the AGM and minutes of the meeting, as well as the accompanying presentation materials were published on SGXNet and KIT's website. All resolutions tabled at the AGM in April 2021 were passed.

At the virtual meeting, the Trustee-Manager provided an update on the Trust's performance, as well as addressed substantial and relevant questions submitted by Unitholders. Ahead of the AGM, the Trustee-Manager published its responses to substantial and relevant questions from Unitholders on SGXNet and its corporate website.

The Trustee-Manager is also active on social media, providing updates through its LinkedIn account at <https://www.linkedin.com/company/keppel-infrastructure-trust-kit/>

MAINTAINING TRANSPARENT AND TIMELY DISCLOSURES

The Trustee-Manager recognises the importance of prompt, transparent and effective communication with Unitholders and the investment community.

All IR activities are guided by the principles and guidelines set out in the IR policy, which is regularly reviewed and available on KIT's website. The policy articulates guiding principles that ensure the timely, transparent and accurate disclosures of material information.

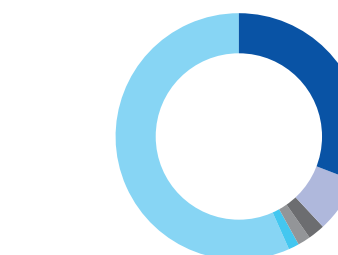
UNITHOLDING BY INVESTOR TYPE (%) as at 7 February 2022



| | |
|--------------------------------|--------------|
| ● Sponsors and Related Parties | 18.3 |
| ● Institutional | 25.3 |
| ● Retail | 56.4 |
| Total | 100.0 |

¹ Excluding Sponsor and related parties.
² Others comprise of the rest of the world, as well as unidentifiable holdings and holdings below the analysis threshold.

UNITHOLDING BY GEOGRAPHY¹ (%) as at 7 February 2022



| | |
|-----------------------|--------------|
| ● Singapore (SG) | 31.1 |
| ● North America | 7.1 |
| ● Asia (ex-SG) | 2.2 |
| ● Europe (ex-UK) | 1.6 |
| ● United Kingdom (UK) | 1.6 |
| ● Others ² | 56.4 |
| Total | 100.0 |

As at end-2021, KIT is among the constituent stocks in the MSCI Singapore Small Cap and FTSE ST Large & Mid Cap indices, which enhances KIT's liquidity and visibility among the investment community. KIT is currently covered by two equity research houses, namely Credit Suisse and DBS.

The Trustee-Manager will continue to foster relationships with the investment community through various platforms and expand its institutional base in tandem with KIT's growth.

INVESTOR RELATIONS CALENDAR

Financial Year Ended 31 December 2021

Q1

FY 2020 results announcement and webcast

FY 2020 post-results group investor meeting hosted by DBS

Nomura ASEAN Virtual Conference 2021

Q2

1Q 2021 operational updates and analysts' teleconference

Post 1Q 2021 updates group investor meeting hosted by CLSA

SGX-KIS Virtual Corporate Day for Korean Investors

Keppel Capital Corporate Day

Virtual REITs Symposium

Citi Pan-Asia Regional Investor Conference

Q3

1H 2021 results announcement and webcast

1H 2021 post-results group investor meeting hosted by DBS

Citi-SGX-REITAS REITs & Sponsors Forum

SGX-Haitong Securities Singapore Corporate Day

Q4

3Q 2021 operational updates and analysts' teleconference

Post 3Q 2021 updates group investor meeting hosted by Credit Suisse

SIGNIFICANT EVENTS



◀ KIT's acquisition of Philippine Coastal was completed in January 2021.

Q1 2021

Completed the acquisition of Philippine Coastal Storage & Pipeline Corporation on 29 January 2021.

Mr Daniel Ee appointed as Chairman of the Board with effect from 1 February 2021.

Ms Susan Chong appointed as independent non-executive Director with effect from 5 March 2021.

Q2 2021

Ixom expanded its product offerings with the acquisition of Australian Botanical Products.

Updated and upsized the Multicurrency Debt Issuance Program from \$1 billion to \$2 billion, and issued \$300 million perpetual securities to refinance borrowings, as well as to fund potential acquisitions and asset enhancement works.

Q3 2021

Declared and paid a DPU of 1.86 cents to Unitholders for the period from 1 January 2021 to 30 June 2021.

Announced the acquisition of the remaining 30% stake in the SingSpring Desalination Plant, which is expected to be completed in 1H 2022.

Mr Jopy Chiang appointed as Chief Executive Officer with effect from 1 August 2021.

Mr Eric Ng appointed as Chief Financial Officer with effect from 1 August 2021.

Q4 2021

Ixom acquired SCR Solutions, a producer of AdBlue®, a product which is added to diesel in trucks to reduce harmful emissions. Based in New Zealand, SCR Solutions is a leading player in the sector.

Basslink entered into voluntary administration.

City Gas celebrated 160 years of service as the national piped town gas provider, and rebranded to City Energy to mark its transformation journey as a provider of innovative green energy solutions to meet the needs of a growing city.

Issued the \$200 million 3% notes due 2026 as part of the \$2 billion Multicurrency Debt Issuance Programme.

Q1 2022

Declared and paid a DPU of 1.92 cents to Unitholders for the period from 1 July 2021 to 31 December 2021, bringing FY 2021 DPU to 3.78 cents, the first increase from the 3.72 cents annual payout since 2016.

Unveiled refreshed strategy and key target sectors for growth, focusing on core and core plus infrastructure businesses and assets that will benefit from secular growth trends.

Established a dedicated Board environment, social and governance (ESG) Committee to provide an oversight of KIT's ESG strategy and sustainability initiatives.

SUSTAINABILITY REPORT

SUSTAINABILITY FRAMEWORK

»» We place sustainability at the heart of our strategy, and are committed to generating stable and sustainable returns for Unitholders – through environmental stewardship, responsible business practices, and nurturing our people and the communities, wherever we operate.



ENVIRONMENTAL STEWARDSHIP

In line with Keppel's Vision 2030, we will do our part to combat climate change, and are committed to improving resource efficiency and reducing our environmental impact.

» For more information,
go to: pages 41 to 46



RESPONSIBLE BUSINESS

The long-term sustainability of our business is driven at the highest level of the organisation through a strong and effective board, good corporate governance and prudent risk management.

» For more information,
go to: pages 47 to 51



PEOPLE AND COMMUNITY

People are the cornerstone of our business. We are committed to providing a safe and healthy workplace, investing in training and developing our people to help them reach their full potential, as well as uplifting communities wherever we operate.

» For more information,
go to: pages 52 to 59

LETTER TO STAKEHOLDERS

GRI 102-14

» THE TRUSTEE-MANAGER CONTINUES TO ASSESS OPPORTUNITIES AND IMPLEMENT MEASURES TO OPTIMISE ENERGY MANAGEMENT AND REDUCE CARBON EMISSIONS ACROSS OUR PORTFOLIO OF BUSINESSES AND ASSETS.



DEAR STAKEHOLDERS,

I am pleased to present Keppel Infrastructure Trust's (KIT) Sustainability Report for FY 2021. This report provides a transparent account of our sustainability performance and communicates our commitment to create long-term value for our stakeholders.

During the year, we undertook an assessment of our material environmental, social and governance (ESG) issues with in-depth engagement of both internal and external stakeholders. This is to ensure that we continue to actively monitor and manage the ESG issues that are the most relevant and significant to KIT. We have also outlined in this report our ESG roadmap and long-term targets, as well as our commitment to manage these issues.

MANAGING CLIMATE ACTION

In 2021, the world was still grappling with the challenges caused by the COVID-19 pandemic, which has taken a toll on economies and lives. Amid these extraordinary times, the drive towards a more sustainable future has only accelerated.

The massive disruptions that we have experienced arising from the pandemic pales in comparison to the impending threats of climate change if we allow it to go unabated. Decarbonisation is a shared

responsibility, and corporates as a collective body have an even greater responsibility to take firm actions to manage and mitigate the effects of climate change. Our climate actions in the next decade are crucial in the fight against global warming.

To that end, KIT has made a strong resolution to mitigate climate risks, setting targets to reduce our combined Scope 1 and 2 carbon emissions intensity by 30% and increase our exposure to the renewable energy sector by up to 25% of equity-adjusted assets under management by 2030, based on 2019 levels.

To do this, we embarked on an exercise to better understand our carbon emissions footprint across our value chain. We are also working to establish a full Scope 3 inventory by 2022 pursuant to the Greenhouse Gas Protocol. In this Report, we have disclosed the initial findings of our Scope 3 screening, and expanded our Scope 3 reporting beyond business air travel to cover six other categories. This will help us in reviewing how we can work towards reducing indirect upstream and downstream emissions in our value chain. To enhance our climate-related disclosures, we have also started incorporating the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD) in our reporting framework in 2021.

We continue to assess opportunities and implement measures to optimise energy management and reduce carbon emissions across our portfolio of businesses and assets.

Despite operational and logistical challenges during the year, we were able to reduce total energy consumption in FY 2021. This was done through several initiatives:

- Enhancement of membrane efficiency at the water plants, which improved operational performance, as well as reduced the energy consumption and Scope 2 carbon emissions of the assets.
- Drawing of river water for cooling towers and construction of gasoline storage tanks with internal floating roof at Philippine Coastal Storage & Pipeline Corporation, reducing the need for additional cooling system and preventing the evaporation of fuel.
- Adoption of water recycling system at Ixom to keep the chloride drums warm during operations, which is estimated to save up to 25,000 kilolitres of water in a year.

KIT continues to generate and consume renewable energy from its solar photovoltaic systems at the Keppel Merlimau Cogen (KMC) Plant and the Keppel Seghers Ulu Pandan NEWater Plant, which have a combined capacity of 2 megawatt peak. The upgrading to high-efficiency gas turbines at KMC in

2022 is expected to reduce carbon emissions by up to 1.9% annually or abate up to approximately 50,000,000 kilowatt-hour equivalent of carbon emissions each year.

BUILDING A RESPONSIBLE BUSINESS

KIT's businesses and assets are classified as essential services and continued to operate reliably throughout the pandemic without major operational or service disruption. This was made possible by the team's efforts to ensure business continuity, putting in place robust measures to uphold asset and product quality and safety, as well as safeguard physical and cyber security.

Some of our assets are designated as a Critical Information Infrastructure under the Cybersecurity Act, adhering to the highest standards of cybersecurity defences.

We will continue to uphold high standards of corporate governance, ethics and integrity, and fulfil our fiduciary duties in managing assets of national importance. To walk the talk on promoting workplace diversity, we made a commitment to maintain at least 30% of female Directors on our Board.

A new Board ESG Committee has also been set up in January 2022 to oversee KIT's ESG strategy and initiatives, as well as the implementation of our sustainability roadmap to drive long-term value creation.

We are also pleased to share that KIT has maintained a rating of 'A' in the MSCI ESG Ratings assessment, a testament to our commitment to sustainable growth.

NURTURING OUR PEOPLE AND UPLIFTING THE COMMUNITY

Recognising that building human capital is key to driving the long-term value and resiliency of KIT, we remained committed to engaging, developing, and nurturing our workforce.

We held a week-long virtual learning festival that provided opportunities for employees to attend talks on digitalisation and sustainability. Employees were also

introduced to the LinkedIn Learning platform, where they can access a digital library of over 16,000 courses.

There were also activities to engage and encourage employees to stay resilient and keep morale high. In the Appreciation Month of August, Keppel Capital organised a virtual Amazing Race for employees to bond and unwind over games.

To enhance mental wellbeing, and to relieve anxieties and strain caused by the protracted pandemic, talks on mental resilience and managing stress were held in the Mental Wellbeing Month of October. Employees also had access to the Employee Assistance Programme for counselling support.

The pandemic has highlighted the importance of corporates' role in society and the responsibility to step up in times of need. Together with Keppel Capital, we dedicated more than 630 volunteering hours to support community outreach activities. The Trustee-Manager and the Trust have also contributed more than \$170,000 to support communities where KIT operates.

LOOKING AHEAD

Our priorities in the year ahead reflect our commitment to be sustainable and resilient, as we execute on our growth strategy to create enduring value for our stakeholders.

I am confident that our collective efforts will steer us towards a more sustainable future. I would like to thank all our valued stakeholders for your contributions and for being with us on this journey.

Yours sincerely,

JOPY CHIANG
Chief Executive Officer
4 March 2022

ABOUT THIS REPORT

Keppel Infrastructure Trust (KIT) plays a vital role in supporting Singapore's circular economy and driving economic growth, through the provision of electricity and gas, managing waste, and enhancing water security.

KIT's portfolio of critical infrastructure businesses and assets includes town gas production, power and electricity transmission, waste treatment and water purification, manufacturing and distribution of essential chemicals, as well as the storage of petroleum products, serving a large and diversified customer base comprising government agencies, multinational corporations, commercial & industrial enterprises and retail consumers in Singapore, the Philippines, Australia and New Zealand.

KIT operates in business landscapes that value resource efficiency and environmental, social and governance (ESG) excellence, hence sustainability management is of key importance to the continued success of the business and its ability to create value.

This sustainability report outlines KIT's sustainability strategy and describes the Trustee-Manager's approach to managing material ESG issues.

REPORTING PERIOD AND SCOPE

GRI 102-46 | 102-50 | 102-52 | 102-53

The scope of this report covers KIT's business activities and operations in Singapore, the Philippines, Australia and

New Zealand for the financial year ending 31 December 2021. The businesses and assets are based on KIT's equity interests in the respective entities, and include:

SINGAPORE

- City Energy
- Keppel Merlimau Cogen Plant (KMC)
- Senoko Waste-to-Energy (WTE) Plant
- Keppel Seghers Tuas WTE Plant
- Keppel Seghers Ulu Pandan NEWater Plant
- SingSpring Desalination Plant

THE PHILIPPINES

- Philippine Coastal Storage & Pipeline Corporation (Philippine Coastal)¹

AUSTRALIA AND NEW ZEALAND

- Ixom
- Basslink²

The scope for disclosure on employee information covers only the Trustee-Manager's employees, and excludes employees hired under its subsidiaries.

This report has been reviewed by an external sustainability reporting consultant and has undergone a detailed internal review. This report has not been through external verification, and the Trustee-Manager will review the need for external assurance as it continues to enhance its sustainability reporting.

As part of Keppel Capital, the Trustee-Manager references the Business for Societal Impact (B4SI) Framework.

Corporate Citizenship, as managers of the B4SI, has verified the data in the community development section of this report, and the verification statement can be found on page 64.

GLOBAL REPORTING INITIATIVE STANDARDS

GRI 102-54

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The scope and content of this report reflect the Trustee-Manager's strategy in managing ESG issues and driving sustainable growth. The Report was developed in accordance with Reporting Principles from the GRI Standards on Defining Report Content: Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness. For a full list of disclosures reported, please refer to the GRI Content Index on pages 60 to 63.

Contact

The Trustee-Manager welcomes feedback that will enhance its sustainability efforts. Please share your feedback with us at investor.relations@kepinfratrust.com.

¹ KIT and Metro Pacific Investments Corporation (MPIC) each indirectly hold an approximately equal percentage of interest in Philippine Coastal, with KIT indirectly holding one voting share more than MPIC. The acquisition of Philippine Coastal was completed in January 2021.

² Basslink entered voluntary administration on 12 November 2021, with operations under control by the receiver and manager. Hence, only performance data up till 11 November 2021 is included in this report.



KIT operates in business landscapes that value resource efficiency and environmental, social and governance excellence.

APPROACH TO SUSTAINABILITY

» TO FURTHER ITS LEADERSHIP COMMITMENT TO SUSTAINABILITY, THE TRUSTEE-MANAGER ESTABLISHED A DEDICATED BOARD ESG COMMITTEE IN JANUARY 2022.

SUSTAINABILITY FRAMEWORK

Sustainability management is at the core of the Trustee-Manager’s strategy formulation and business decisions. Its approach to sustainability is guided by the three thrusts of Environmental Stewardship, Responsible Business, and People and Community. The Trustee-Manager is committed to minimising its environmental impact, upholding strong corporate governance, and creating positive value for all its stakeholders.

Some of the key policies that guide the Trustee-Manager in its business operations include the KIT Enhanced Code of Conduct,

Anti-Bribery Policy, Corporate Statement on Human Rights, Whistle-Blower Policy, Insider Trading Policy and Competition Law Compliance Manual, as well as policies on environment, health and safety matters.

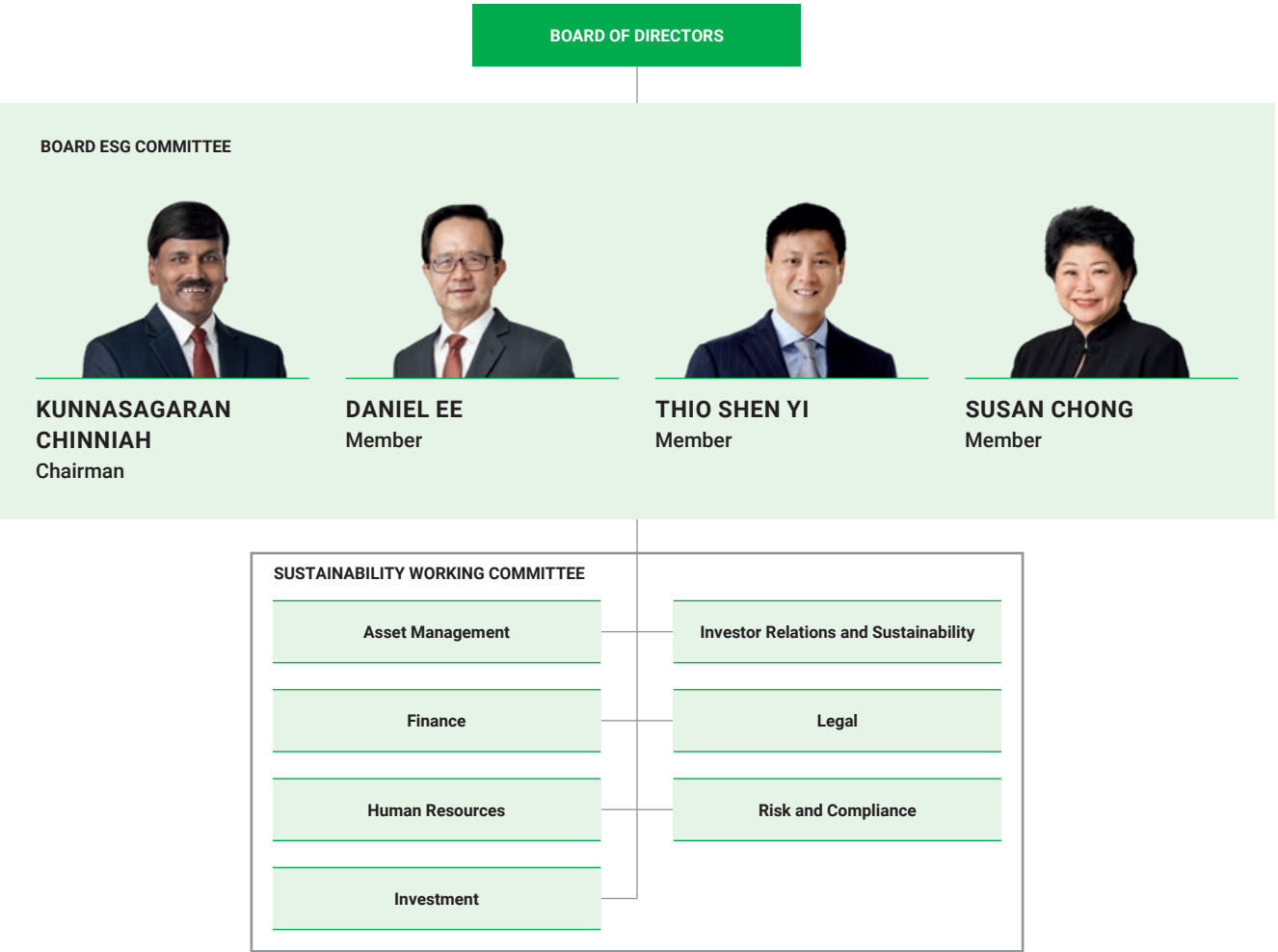
SUSTAINABILITY GOVERNANCE

To further its leadership commitment to sustainability, the Trustee-Manager established a dedicated Board ESG Committee (BEC) in January 2022. The role of the BEC includes providing oversight of KIT’s ESG strategy, policies and initiatives, as well as reviewing and monitoring their effectiveness to drive long-term value creation.

The BEC comprises four independent directors and seeks to convene at least quarterly to discuss KIT’s sustainability plans and review its performance.

The BEC is supported by a Sustainability Working Committee that implements the Trustee-Manager’s ESG strategy and initiatives. Comprising the Asset Management, Finance, Human Resources, Investment, Investor Relations and Sustainability, Legal, and Risk and Compliance departments, the Sustainability Working Committee is also responsible for monitoring KIT’s performance against its material ESG issues, which will be reviewed periodically, and communicated to the BEC.

SUSTAINABILITY COMMITTEE STRUCTURE
GRI 102-18 | 102-20



APPROACH TO SUSTAINABILITY

MATERIALITY ASSESSMENT

GRI 102-46 | 102-47 | 102-49

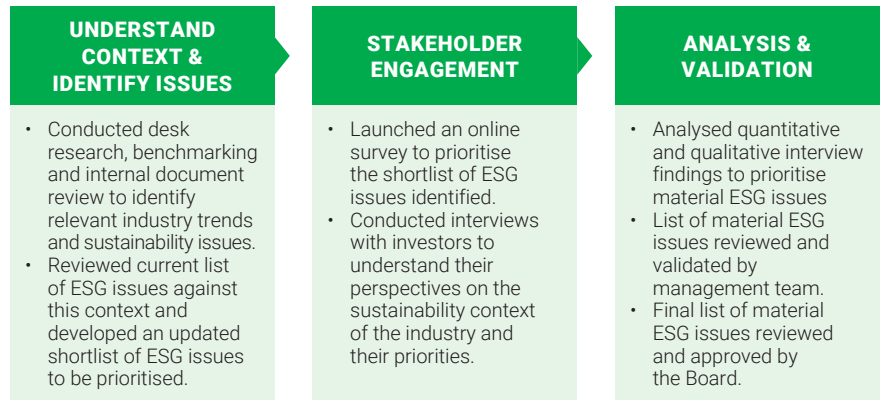
A materiality assessment helps the Trustee-Manager understand and prioritise the significant environmental, social, economic and governance issues that affect KIT's businesses and conversely, issues that can be significantly impacted by the Trust's activities.

In 2021, the Trustee-Manager worked with an external sustainability consultancy to conduct a materiality assessment, which will guide its sustainability strategy and management approach. This serves to ensure that the Trustee-Manager focuses its efforts to stay relevant in this changing business landscape.

The materiality assessment was conducted based on a systematic process as shown in the diagram on the right, with in-depth engagement of internal and external stakeholders including Board members, employees of the Trustee-Manager, investors, customers, suppliers and business partners.

The prioritised list of ESG issues is presented in the chart below, categorised by material and important ESG issues

MATERIALITY ASSESSMENT PROCESS

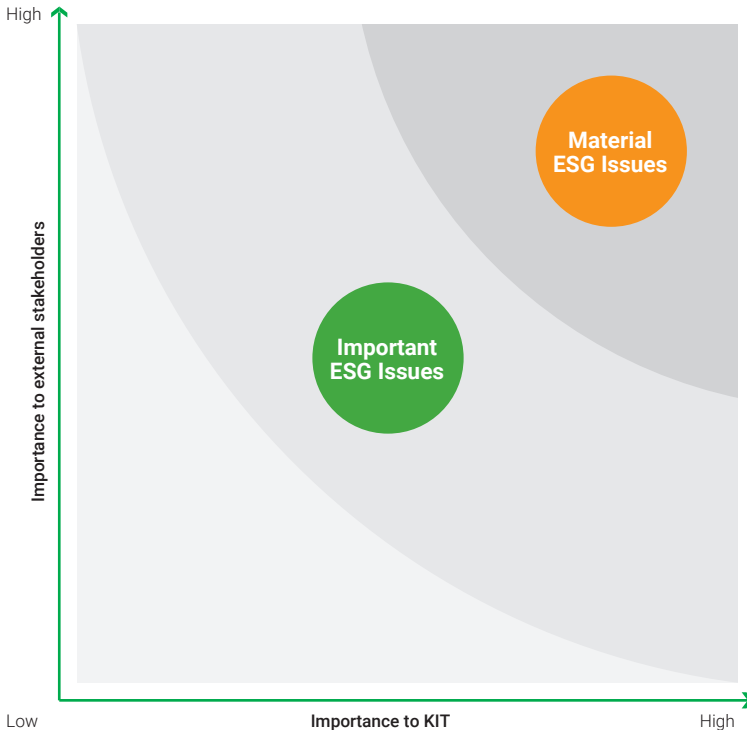


(in alphabetical order), representing their level of materiality as determined through the assessment process. In line with the GRI's Reporting Principle of materiality for defining report content, the material issues are covered within this report to the extent that it reflects their relative priority.

Targets were set where appropriate to drive performance and progress on

these issues. The Board has reviewed and approved the ESG issues. The targets are shared in greater details on page 37.

The Trustee-Manager will continue to review these issues regularly, and stay on top of emerging trends, as well as adjust its strategies where appropriate to ensure business sustainability.



Material ESG Issues

Issues of very high importance to KIT and its key stakeholders, and considered most material and of top priority. These form the focus of its sustainability strategy and reporting, for which it aims to disclose goals, targets and performance

- Asset Quality and Safety
- Climate Change Adaptation
- Corporate Governance
- Cybersecurity and Data Privacy
- Economic Sustainability
- Ethics and Integrity
- Energy
- Emissions
- Environmental Protection
- Employee Health and Wellbeing
- Human Capital Management

Important ESG Issues

Issues of moderate to high importance to KIT and its key stakeholders. These are actively monitored and managed, and will be included in external reporting as relevant, based on the sustainability context and stakeholder interest.

- Community Development and Engagement
- Diversity and Inclusion
- Physical Security of Assets
- Sustainable Supply Chain Management
- Waste Management
- Water

* The issues within each tier are in alphabetical order.

OUR TARGETS AND COMMITMENTS

The Trustee-Manager has set out the targets and commitments to drive performance and manage its material ESG issues. This section summarises KIT's targets and commitments, which will be monitored and reported in subsequent reports.



ENVIRONMENTAL STEWARDSHIP

Climate Change Adaptation

- Commit to implementing the TCFD Recommendations over the next two years

Emissions

- Achieve 30% carbon emissions intensity reduction by 2030 based on 2019 levels, with a commitment to work towards setting an absolute emissions reduction target in the longer term

Energy

- Increase exposure to renewable energy by up to 25% of equity-adjusted AUM by 2030

Environmental Protection

- Maintain zero incidence of non-compliance with environmental laws and regulations

Waste Management

- Divert at least 90% of waste from landfills annually
- Recover at least 70% of scrap metal from bottom ash annually

Water

- Maintain zero incidence of trade effluent discharge leading to regulatory actions



RESPONSIBLE BUSINESS

Asset Quality and Safety

- Fulfil contractual obligations and minimise operational disruptions due to equipment or facility problems

Corporate Governance

- Uphold strong corporate governance, robust risk management, as well as timely and transparent communications with stakeholders

Cybersecurity and Data Privacy

- Uphold high standards of cybersecurity and data protection best practices through the Keppel Cybersecurity governance structure to minimise cyber attack incidents

Economic Sustainability

- Build a resilient portfolio of assets and businesses that delivers long-term sustainable growth and Unitholder value

Ethics and Integrity

- Maintain high standards of ethical business conduct and compliance best practices, with zero incident of fraud, corruption and bribery

Physical Security of Assets

- To maintain zero physical security breach affecting plant operations

Sustainable Supply Chain Management

- Ensure that all major suppliers (providing products or services valued at \$200,000 or more in a calendar year) adopt responsible business practices



PEOPLE AND COMMUNITY

Community Development and Engagement

- Engage with local communities and contribute to Keppel Capital's target of >500 hours of staff volunteerism in 2022

Diversity and Inclusion

- Maintain at least 30% female representation on the Trustee-Manager Board

Employee Health and Wellbeing

- Maintain zero workplace fatalities

Human Capital Management

- Achieve at least 20 training hours per employee in 2022
- Achieve at least 75% in employee engagement score in 2022

APPROACH TO SUSTAINABILITY




SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The United Nations Sustainable Development Goals (SDGs) provide a global platform to address the most pressing challenges facing the world today.

The Trustee-Manager is committed to advancing sustainable development by focusing on the SDGs that it can contribute most meaningfully to build a more sustainable future. In support of the United Nations' 2030 Agenda for Sustainable Development, the Trustee-Manager has

incorporated nine SDGs as a supporting framework to guide its sustainability strategy. These SDGs also represent the greatest opportunities to partner with other stakeholders and work together on sustainable development in support of SDG 17.

| SDG | RELEVANT ESG ISSUE | CONTRIBUTION TO SDG |
|---|--|--|
|  | Employee Health and Wellbeing | <ul style="list-style-type: none"> Ensure adherence to industry best practices and compliance with all relevant regulations to provide a safe work environment for all employees. Adopt the Keppel Zero Fatality Strategy, which outlines actionable measures to prevent workplace fatalities. Implemented safe management measures during the pandemic, and provided support to ensure physical and mental wellbeing of employees. <p>Read more on page 55.</p> |
| | Asset Quality and Safety | <ul style="list-style-type: none"> Ensure consistent reliability and quality of the Trust's assets and services, which provide essential services such as energy, water and town gas, to safeguard public health and safety. <p>Read more on page 49.</p> |
|  | Water | <ul style="list-style-type: none"> Contribute to Singapore's water security through the provision of freshwater supply by generating desalinated potable water and NEWater at the SingSpring Desalination Plant and Ulu Pandan NEWater Plants respectively. Optimise water efficiency by adopting water-efficient equipment, technologies and processes, e.g. use of seawater at Keppel Merlimau Cogen Plant (KMC) to cool its generators, and use of recycled water at Senoko Waste-to-Energy (WTE) Plant to wash and cool machineries. Ensure that effluent discharged to water courses or sewer systems is treated in compliance with applicable country-specific environmental standards, requirements and limits. There were no incidents of trade effluent discharge leading to regulatory actions in 2021. <p>Read more on page 45.</p> |
| | Environmental Protection | |
|  | Economic Sustainability | <ul style="list-style-type: none"> KIT's business operations generate employment opportunities, revenue for suppliers, and returns for Unitholders. Declared a total distribution per Unit (DPU) of 3.78 cents for FY 2021, a first-time increase from the historical annual payout of 3.72 cents since 2016. <p>Read more on page 47.</p> |
| | Human Capital Management | <ul style="list-style-type: none"> Adhere to the Singapore Tripartite Guidelines on Fair Employment Practices and strive to uphold the Employers' Pledge of Fair Employment Practices. Leveraged digital learning platforms to provide training and development opportunities to employees amid the pandemic. Provide an employee development scheme that supports employees who aspire to upgrade themselves with a higher professional certification. Zero tolerance for discrimination of any kind, which is reinforced by the KIT Corporate Statement on Human Rights, and its Statement on Diversity and Inclusion. <p>Read more on page 52 to 54.</p> |
|  | Asset Quality and Safety | |
| | Emissions | <ul style="list-style-type: none"> Assess opportunities and implement cost-effective measures and adopt energy-efficient equipment and technologies to optimise energy management and reduce GHG emissions across KIT's portfolio. Sustainability issues are considered in the evaluation of investment opportunities. The cost and impact of carbon emissions are also considered in all major investment decisions. <p>Read more on page 41 to 43.</p> |
|  | Energy | |
| | Sustainable Supply Chain Management | <ul style="list-style-type: none"> The Supplier Code of Conduct encourages suppliers to adopt responsible business practices and outlines principles for environmental management, business conduct, labour, as well as health and safety practices. Adherence is required by all major suppliers. KIT's WTE plants reduce the volume of waste generated significantly by incineration. This diverts up to 90% of waste otherwise destined for landfills in land-scarce Singapore. Scrap metal is also collected at KIT's WTE plants to be recycled. <p>Read more on page 41 and 51.</p> |
|  | Waste Management | |

| SDG | RELEVANT ESG ISSUE | CONTRIBUTION TO SDG |
|---|---|--|
|  | Climate Change Adaptation | <ul style="list-style-type: none"> Conducted a high-level exercise to identify the climate-related risks and opportunities facing the business and its assets in 2021. A more detailed scenario analysis will be conducted to better understand the impact of the identified risks and opportunities in 2022. Developed its carbon strategy with a target to reduce carbon emissions intensity by 30%, and increase its portfolio exposure to renewable energy by up to 25% of equity-adjusted AUM by 2030, based on 2019 levels. KIT's WTE plants recover energy through its operations to generate electricity, and sold 1,143,000 GJ of the electricity that it produced in 2021. <p>Read more on page 41 to 44.</p> |
| | Emissions | |
|  | Corporate Governance | <ul style="list-style-type: none"> Adopt the Code of Corporate Governance 2018 (the Code) issued by the Monetary Authority of Singapore (MAS) as its benchmark for corporate governance policies and practices. Maintain a sound and effective system of risk management and internal controls through its Enterprise Risk Management Framework. Employees are required to adhere to the KIT Enhanced Code of Conduct, which aims to establish and reinforce the highest standards of integrity and ethical business practices. In 2021, there was no confirmed incident of corruption, bribery or fraud, nor non-compliance with laws or regulations. <p>Read more on page 47 and 48.</p> |
| | Ethics and Integrity | |
|  | Community Development and Engagement | <ul style="list-style-type: none"> Committed to uplifting communities wherever KIT operates. Beyond monetary contributions, employees are encouraged to give back through participating in community outreach efforts. All employees are provided two days of paid volunteerism leave each year to participate in community initiatives within the Keppel Group. Together with Keppel Capital, the Trustee-Manager committed more than 630 volunteering hours. Contributed more than \$170,000 to support various philanthropic initiatives and community needs. <p>Read more on page 58.</p> |
| | | |

EXTERNAL MEMBERSHIPS, INITIATIVES AND CERTIFICATIONS

GRI 102-12 | 102-13

The Trustee-Manager supports several initiatives and organisations that promote sustainability best practices and strong corporate governance. KIT participates in the following external industry associations and initiatives, green certification and award schemes through its businesses and assets.

The Trustee-Manager, through Keppel Capital, is also a signatory of the United Nations Global Compact and is committed to the Global Compact's 10 universal principles, which include human rights, labour, environment and anti-corruption.

KIT's portfolio of businesses and assets have also attained sustainability certifications on this page.

EXTERNAL MEMBERSHIPS AND CERTIFICATIONS

Singapore Water Association

The operator of Keppel Seghers Ulu Pandan NEWater Plant is an active member of the Singapore Water Association, a collaborative platform for private sector players in the water industry, to profile and promote Singapore as a one-stop centre for all water-related services and as a water technology hub.

Gas Association of Singapore

City Energy is a member of the Gas Association of Singapore, an independent national body that brings together professionals, practitioners, and experts in the gas industry to collaborate and share knowledge, as well as promote uniformity in industry practice and standards.

Waste Management and Recycling Association of Singapore

The WTE plants' operations and maintenance teams are members of the Waste Management and Recycling Association of Singapore, which works with the government and community to promote recycling to create a more sustainable living environment.

Securities Investors Association (Singapore)

The Trustee-Manager, through the Keppel Group, supports the Securities Investors Association (Singapore) in its initiatives to empower the investment community through investor education.

MSCI ESG Rating

KIT maintained an 'A' rating in the MSCI ESG Ratings assessment in 2021 that measures a company's resilience to long term, financially relevant material ESG risks.¹

SUSTAINABILITY CERTIFICATIONS

| Business/Asset | Sustainability Certification/Awards |
|---|---|
| City Energy | ISO 9001 |
| Ixom | ISO 9001, ISO/FSSC 22000, EcoVadis (Bronze) |
| Keppel Seghers Tuas WTE Plant | ISO 9001, ISO 14001, ISO 50001 |
| Keppel Seghers Ulu Pandan NEWater Plant | ISO 9001, ISO 14001, ISO 50001 |
| KMC | ISO 9001, ISO 14001, ISO 50001 |
| Senoko WTE Plant | ISO 9001, ISO 14001, ISO 50001 |
| SingSpring Desalination Plant | Hazard Analysis and Critical Control Points (HACCP) certification |

APPROACH TO SUSTAINABILITY

STAKEHOLDER ENGAGEMENT

GRI 102-40 | 102-42 | 102-43 | 102-44

The Trustee-Manager engages its key stakeholders regularly to understand their needs, concerns and expectations. This enables the Trustee-Manager to incorporate stakeholder interests in KIT's business decisions and improve its ESG performance.

The Trustee-Manager addresses the issues that are most important to KIT's stakeholders by measuring associated performance metrics, communicating its performance against material ESG issues in sustainability reporting, as well as adopting

a management approach that integrates material ESG issues into decision-making processes.

The table below outlines the modes of engagement and key topics of concern of the key stakeholder groups:



EMPLOYEES

Objectives of Engagement

Build talent pool through continual investments in training and development, as well as employee welfare

Engagement Platforms

Involvement in different employee interest groups; dialogue sessions with senior leaders; employee engagement surveys; appreciation month; physical well-being month; staff communication sessions; leadership programmes; teambuilding activities

Key Topics

Employees' personal and professional growth; sharing of ideas; culture of recognition and appreciation; self-directed learning

Frequency of Engagement

Ongoing regular engagement



CUSTOMERS

Objectives of Engagement

Grow customer base; deepen relationships with existing and prospective customers

Engagement Platforms

Regular meetings; feedback channels such as emails and phone calls; regular customer satisfaction surveys

Key Topics

Product and service quality; Health, Safety, Security and Environment (HSSE) requirements

Frequency of Engagement

Ongoing regular engagement



INVESTORS

Objectives of Engagement

Ensure timely and accurate disclosure of information

Engagement Platforms

Annual and sustainability reports; media releases; investor presentations; SGX announcements; general meetings; in-person and virtual local and overseas investor roadshows; quarterly teleconferences or webcasts; corporate website; email feedback; meetings and conference calls

Key Topics

Business strategy and corporate developments; financial performance; sustainability issues

Frequency of Engagement

Ongoing regular engagement



BUSINESS PARTNERS

Objectives of Engagement

Align practices for better planning, responsive vendor support and mutually beneficial relationships

Engagement Platforms

Regular meetings with suppliers, contractors and joint venture partners; management site visits

Key Topics

Compliance; collaboration; HSSE matters

Frequency of Engagement

Ongoing regular engagement



GOVERNMENTS & REGULATORY BODIES

Objectives of Engagement

Collaborate and work alongside on issues of mutual interest

Engagement Platforms

Regular meetings and site inspections; renewal of licenses and permits

Key Topics

Feedback on new guidelines, including sustainability; opportunities for business collaborations

Frequency of Engagement

Ongoing regular engagement



LOCAL COMMUNITIES

Objectives of Engagement

Impact communities positively

Engagement Platforms

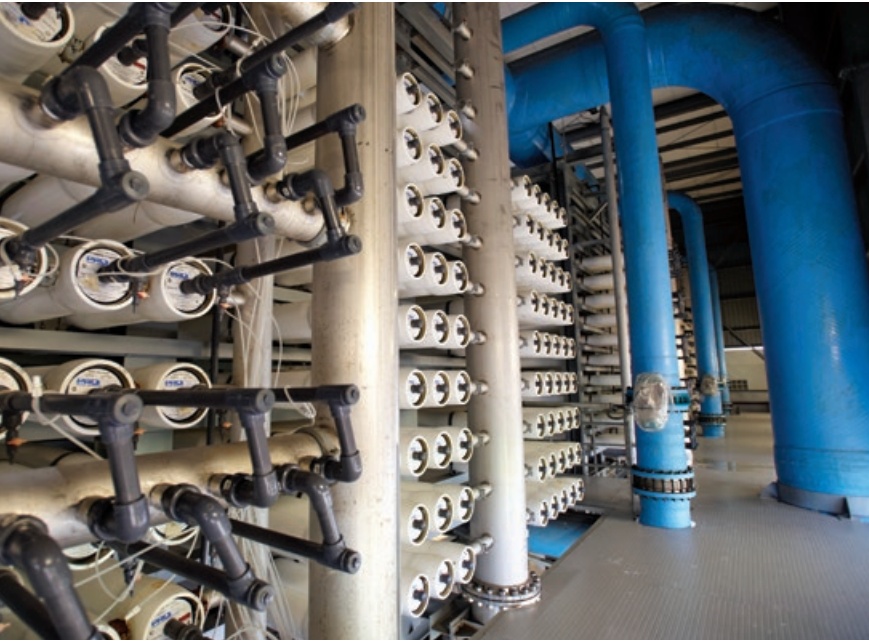
Volunteer activities; financial contributions

Key Topics

Positive social contributions

Frequency of Engagement

Ongoing regular engagement



◀ SingSpring Desalination Plant reduced its Scope 2 emissions by improving membrane efficiency during the water treatment process, thereby reducing its electricity consumption.

» KIT IS COMMITTED TO ACCELERATE EFFORTS TO TRANSITION TOWARDS A LOW-CARBON FUTURE.

Providing sustainable infrastructure and essential resources is central to KIT’s operational purpose. As a business invested in critical infrastructure assets and operations with impacts on the environment, KIT is committed to accelerate efforts to mitigate the impact of climate change.

While the current portfolio of businesses and assets include sustainable aspects such as generating renewable energy, producing clean recycled water and conserving landfill space, its long-term strategy is to transition the portfolio to thrive in a low-carbon economy.

EMISSIONS & ENERGY

GRI 103-1 | 103-2 | 103-3 | 302-1 | 302-3 | 302-4 | 305-1 | 305-2 | 305-3 | 305-4 | 305-5

MANAGEMENT APPROACH

The Trustee-Manager’s greenhouse gas (GHG) emissions management strategy focuses on optimising energy consumption across its portfolio through active monitoring and improving energy efficiency at KIT’s businesses and assets, as well as the adoption of renewable energy resources. The Trustee-Manager continuously assesses opportunities and implements cost-effective measures to optimise energy management and reduce GHG emissions. KIT adopts energy-efficient equipment and technologies across its portfolio. These include the installation of energy-efficient lighting at KIT’s Waste-to-Energy (WTE) plants, the utilisation of energy saving compressors

at Keppel Merlimau Cogen Plant (KMC), as well as improving the roof design at the SingSpring Desalination Plant for natural daylighting. The Trustee-Manager also collaborates with its operational and maintenance contractors to optimise energy consumption and ensure that plants are operating according to their energy-efficient designs.

Some of its energy-intensive assets are designed under the Energy Conservation Act of Singapore and are required from 2021 to do an energy efficiency opportunities assessment (EEOA), to help identify initiatives that can help reduce energy consumption.

PERFORMANCE AND PROGRESS

GHG Emissions

KIT’s GHG emissions comprise Scope 1 emissions, which are predominantly from KMC’s operations, Scope 2 emissions from electricity use, and Scope 3 emissions. In 2021, the Trustee-Manager conducted a Scope 3 emissions screening exercise to better understand KIT’s carbon footprint. It also expanded its Scope 3 reporting beyond business air travel to cover six other categories: employee commute, waste generated from operations, fuel and energy related activities, upstream transportation and distribution, use of sold products and end of life treatment of sold products. The aim is to cover more categories progressively by 2023.

TOTAL GHG EMISSIONS (tCO₂e)

| | |
|---|-----------|
| Scope 1 (Direct) Emissions ¹ | 1,939,000 |
| Scope 2 (Indirect) Emissions ² | 156,000 |
| Scope 3 (Indirect) Emissions ³ | 435,000 |
| Total | 2,530,000 |

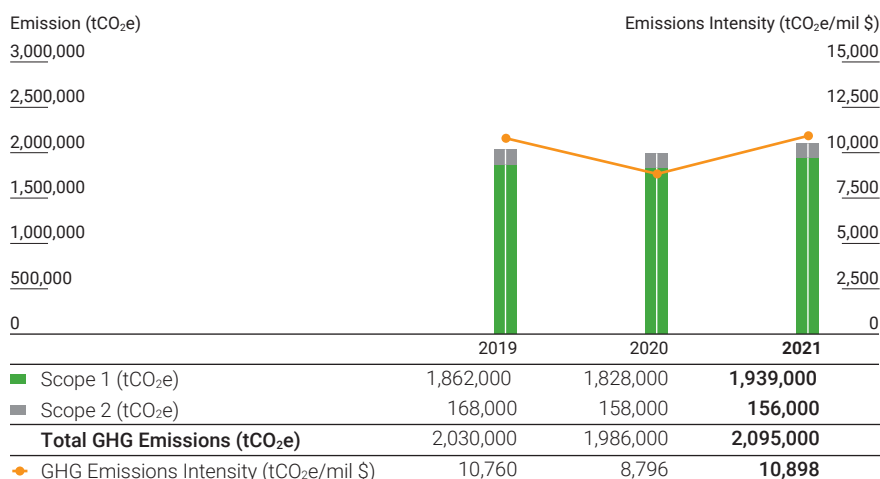
Note: The figures have been rounded off to the nearest thousand.

¹ Mainly in natural gas, diesel and naphtha.
² Use of electricity.
³ Based on seven categories of business travel, employee commute, waste generated from operations, fuel and energy related activities, upstream transportation and distribution, use of sold products, end of life treatment of sold products.

ENVIRONMENTAL STEWARDSHIP

»» The solar PV system at the Keppel Seghers Ulu Pandan NEWater Plant can power about 250 four-room households in Singapore in a year.

TOTAL SCOPES 1 AND 2 EMISSIONS



Notes:

- GHG emissions are calculated in accordance with the equity share approach of the GHG Protocol standard – the most widely accepted international standard for GHG accounting. Gases included in the calculation are carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), with totals expressed in units of tonnes of carbon dioxide equivalent (tCO₂e).
- Conversion factors for Scope 1 and Scope 2 (market-based) GHG emissions were obtained from the relevant service providers and local authorities, such as the Energy Market Authority of Singapore and Australian Government's Department of Climate Change and Energy Efficiency.
- GHG emissions intensity calculation is based on Free Cash Flow to Equity (FCFE), which is equivalent to distributable cash flow, in millions of Singapore dollars. It includes Scopes 1 and 2 emissions.
- Scope 1 and 2 emissions have been restated for 2019 and 2020 due to reclassification of emissions resulting from end consumers' use of products sold by City Energy under the Scope 3 category of use of sold products.
- The figures have been rounded off to the nearest thousand.

| Scope 3 Categories | Emissions in 2021 (tCO ₂ e) |
|--|--|
| End of life treatment of sold products | 1 |
| Business travel | 1 |
| Employee commute | 24 |
| Waste generated from operations | 36 |
| Upstream transportation and distribution | 176 |
| Fuel and energy related activities | 107,913 |
| Use of sold products | 326,616 |
| Total | 434,767 |

Note:

- Scope 3 emission factors are referenced from the UK Department for Environment, Food & Rural Affairs (DEFRA) and the International Energy Agency for fuel and energy, waste, upstream transport and distribution, end of life treatment of sold products, and from International Civil Aviation Organisation for business air travel. Employee commuting emissions are estimated based on Singapore Census of Population 2020 survey with emission factors provided by SMRT Corporation and Land Transport Authority. Emission factors for use of sold products are based on town gas emission factors extracted from the GHG Emissions Measurement and Reporting Guidelines developed by the National Environmental Agency in Singapore.



GREEN INITIATIVES

Fuel-Mix Ratio Adjustment

- City Energy had increasingly substituted naphtha with natural gas (NG) to reduce Scope 1 emissions as NG has lower emissions than naphtha.

Gas turbine upgrade at KMC

- Upgrading to high-efficiency gas turbines at KMC which can reduce Scope 1 carbon emissions by up to 1.9% annually.

Pump Priming

- Lixator pump priming at Ixom's caustic soda production plant eliminates the need for air ejection system, reducing electricity consumption and Scope 2 emissions.

Membrane Efficiency

- Reduced electricity consumption and accordingly, Scope 2 emissions, at the SingSpring Desalination Plant by improving membrane efficiency during the water treatment process.

KIT's total GHG emissions for 2021 was 2,530,000 tCO₂e. The inclusion of additional Scope 3 categories in the 2021 performance data accounted for most of the increase in total GHG emissions in 2021, as compared to 2020 which only included business air travel. The category of use of sold products comprising end consumers' use of piped town gas and cobranded appliances sold by City Energy was the main contributor to Scope 3 emissions in 2021.

Scopes 1 and 2 emissions totalled 2,095,000 tCO₂e in 2021, a 5% increase from 2020 due mainly to higher utilisation at KMC. Scopes 1 and 2 emissions intensity was 10,898 tCO₂e/mil \$ in 2021, an increase from 2020 due to a lower distributable cash flow amount used in the calculation.

Energy

KIT's businesses and assets consume energy directly through onsite business operations and indirectly through purchased electricity.

In 2021, the net energy consumption across the portfolio was 6,904,000 gigajoules (GJ), comprising fuel consumption consisting mostly of natural gas, diesel and naphtha, energy consumption from renewable sources including solar and biomass derived from municipal solid waste, and electricity consumption, net of electricity sold.

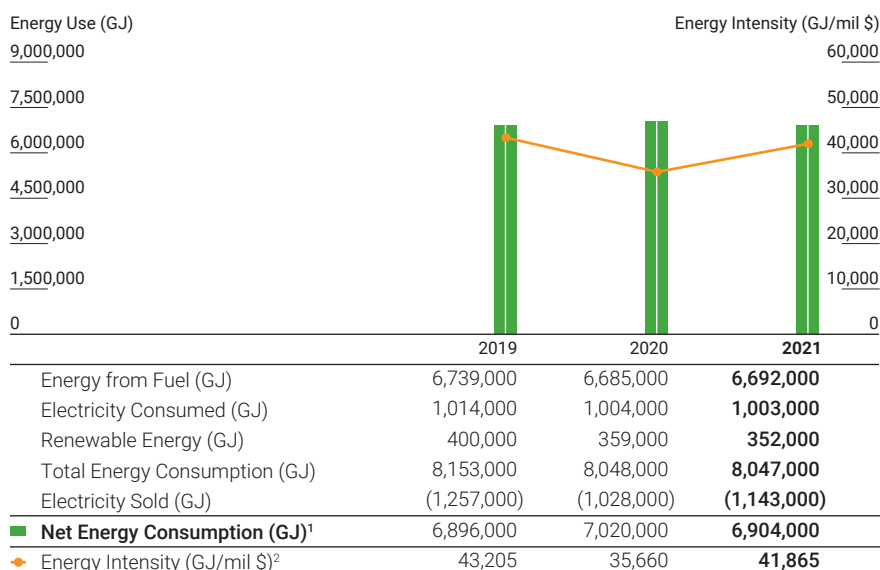
At Philippine Coastal, which was acquired in January 2021, there were several energy-conservation initiatives that helped reduce the facility's power requirements. These include using pumps from vessels to power fuel flow to the storage tanks to reduce power consumption.

To further reduce GHG emissions and support the transition to a clean energy future, KIT generates and consumes renewable energy from solar photovoltaic (PV) panels, as well as from municipal solid waste processed at its WTE plants.

The Keppel Seghers Ulu Pandan NEWater Plant features a rooftop PV installation with a generation capacity of 1 MWp, providing about 1.1 gigawatt-hours of electricity per year. The plant received the Solar Pioneer Award by the Energy Innovation Programme Office, which is led by the Singapore Economic Development Board and the Energy Market Authority.

KMC also successfully installed solar PV systems with a design capacity of 1 MWp in 2020, which is used to power the air-conditioning and lighting units at the plant.

NET ENERGY CONSUMPTION



Note: The figures have been rounded off to the nearest thousand.

¹ Net energy consumption is based on total energy consumption from fuel and renewable sources, and electricity consumption, net of electricity sold, in gigajoules.

² Energy intensity calculation is based on total energy consumption in gigajoules and Free Cash Flow to Equity (FCFE), which is equivalent to distributable cash flow, in millions of Singapore dollars.

³ KMC data excluded from the computation of energy from fuel and electricity sold due to commercial sensitivity.

Spotlight

Greening with City Energy

In line with City Energy's commitment towards expanding its green efforts, it is exploring new and innovative solutions to reduce carbon emissions. This includes partnering like-minded organisations to accelerate its green energy transition.

City Energy consumes a total of 6.4 million GJ of natural gas and naphtha annually. More than 50% of the town gas production is made up of hydrogen produced through a combustion process, directly injecting hydrogen into the system which will significantly reduce the reliance on natural gas and naphtha, leading to lower direct carbon emissions.

To promote the use of green hydrogen, City Energy entered into a Memorandum of Understanding (MOU) with Keppel Data Centres in December 2021 to study the feasibility of a long-term, stable supply chain of sustainable Liquid Hydrogen (LH2) supply from Western Australia to Singapore.

City Energy and City-OG Gas Energy Services have also signed a MOU with Keppel Data Centres, to explore the use of Liquefied Natural Gas (LNG) and hydrogen to power Keppel Data Centres' Floating Data Centre Park (FDCP) in Singapore, which is currently in its exploration phase. Under the MOU, the three parties will jointly explore and evaluate LNG procurement strategies and

the energy transition to hydrogen in the longer term. The parties will also deliberate on cold energy harnessing for the FDCP and share expertise on steam methane reforming.

City Energy is also building new growth engines, such as IoT-enabled home solutions and electric vehicle charging services, to serve the needs of a greener, and more connected city. City Energy Go supports Singapore's electric vehicle (EV) roadmap by building an extensive network of EV charging stations, contributing to the SG Green Plan 2030 to transform Singapore into a greener and more sustainable city by 2030.



ENVIRONMENTAL STEWARDSHIP

In 2021, renewable energy made up 4% of total energy consumption. KIT sold 1,143,000 GJ of the electricity that it produced from its WTE plants in 2021.

To achieve its environmental targets, the Trustee-Manager will progressively increase its ownership in renewables-based assets and reduce its exposure to heavy carbon emitters, while leveraging technology innovation to increase the energy efficiency of its existing portfolio. The Trustee-Manager will also look into the trading of renewable energy certificates (RECs). The Trustee-Manager will work towards setting an absolute emissions reduction target in the longer term.

CLIMATE CHANGE ADAPTATION

GRI 102-11 | 102-12 | 103-1 | 103-2 | 103-3

MANAGEMENT APPROACH

The Trustee-Manager supports the TCFD and seeks to align its approach with the TCFD recommendations. The Trustee-Manager recognises that aligning with this framework

and strengthening its management of climate-related risks and opportunities is a journey that takes committed effort over time.

In 2021, the Trustee-Manager took the first step of assessing its current state of reporting against the TCFD recommendations. Through the assessment, the Trustee-Manager developed a roadmap which builds on its current efforts to implement the recommendations provided by the TCFD framework.

In addition, a preliminary exercise was conducted to identify the risks and opportunities facing the Trust. The Trustee-Manager is looking to conduct a more detailed scenario analysis to better evaluate the financial impacts of climate-related risks and opportunities on its assets and business in 2022.

PERFORMANCE AND PROGRESS

In this report, the Trustee-Manager disclosed its approach in the four key pillars as recommended by the TCFD.

WASTE MANAGEMENT

GRI 103-1 | 103-2 | 103-3 | 306-1 | 306-2 | 306-3 | 306-4 | 306-5

MANAGEMENT APPROACH

The Trustee-Manager seeks to ensure responsible waste management and minimise waste generation through a circular approach. A key part of this strategy is by innovating and optimising waste management processes at the Senoko and Keppel Seghers Tuas WTE plants.

The WTE plants reduce the volume of waste significantly by turning them to ash. This diverts up to 90% of waste which are otherwise destined for landfills in land-scarce Singapore. Energy is recovered during the WTE operations via combustion steam that can be used to produce electricity. Scrap metal is also collected at KIT's WTE plants to be recycled.

Waste generated by KIT's assets are generally categorised as non-hazardous. Any hazardous waste will be collected by licensed third-party professionals and treated before being disposed at authorised sites designated

| TCFD Recommended Disclosure | Approach |
|---|--|
| GOVERNANCE Governance around climate-related risks and opportunities. | <ul style="list-style-type: none"> The Board considers climate-related issues as part of KIT's strategy and operations. With the support of a dedicated Board ESG Committee (BEC) established in January 2022, the Board reviews and approves the ESG strategy, roadmaps and targets, which include climate-related targets on emissions and energy, as well as climate change adaptation as a material issue. Mid to long-term climate-related targets are set and approved by the Board. Progress against these targets will also be reviewed by the Board quarterly. The BEC oversees the management and monitoring of ESG issues, including climate-related risks and opportunities, and is supported by a Sustainability Committee (refer to page 35 for more info) that implements the Trustee-Manager's sustainability strategy and goals, including emissions performance, climate-related risks assessments, actions to mitigate risks, etc. At the asset level, the Asset Management (AM) team constantly reviews and puts in place new initiatives to enhance asset quality and performance, as well as works closely with the various operators to oversee the management and monitoring of all climate-related issues. |
| STRATEGY Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning. | <ul style="list-style-type: none"> Climate-related issues facing KIT include physical risks from extreme weather events or long-term changes in climate, as well as transition risks and opportunities from global decarbonisation efforts. In 2022, KIT will be conducting a more detailed scenario analysis to better understand the financial impacts of the material climate-related risks and opportunities facing the business. Sustainability issues including climate change are considered in the evaluation of all investment opportunities. The cost and impact of carbon emissions are also considered in all major investment decisions. |
| RISK MANAGEMENT Processes used to identify, assess, and manage climate-related risks. | <ul style="list-style-type: none"> In 2020, Keppel Corporation initiated a high-level risk assessment to understand exposure of selected assets to climate-related hazards. These hazards include sea level rise, heatwave, water stress, flood, wildfire, cold wave and hurricane. A selection of assets in the KIT portfolio were included in this study. Based on the findings of the assessment, the respective assets will be assessed on the resilience of existing measures and further mitigation/adaption actions to be taken, where necessary, will be considered. In 2021, KIT conducted a high-level exercise to identify the climate-related risks and opportunities facing the business. It also conducted a materiality assessment where both climate change adaptation and emissions were identified as material topics. As part of KIT's Enterprise Risk Management assessment, climate change and sustainability related matters are areas of risks noted. The Trustee-Manager, together with its operational and maintenance contractors or appointed contract professionals, continue to review and assess threats that could disrupt operations, including extreme weather events. There are plans for a separate sustainability risk register to be implemented, to enable the Board to better monitor and manage climate-related or sustainability issues. |
| METRICS AND TARGETS Metrics and targets used to assess and manage climate-related risks and opportunities which are material to our business. | <ul style="list-style-type: none"> In 2021, the Trustee-Manager set a target to reduce carbon emissions intensity by 30% by 2030 based on 2019 levels, with a commitment to work towards setting an absolute emissions reduction target in the longer term. The Trustee-Manager has been tracking the Trust's Scopes 1 and 2 emissions since 2015 and have started tracking Scope 3 emissions since 2020. It will progressively expand the monitoring and reporting of Scope 3 emissions. KIT's GHG emissions are tracked and calculated following the GHG Protocol Corporate Standard and Corporate Value Chain (Scope 3) Standard, using the equity share approach in accounting for its emissions. |

by local authorities such as the National Environment Agency (NEA) of Singapore.

PERFORMANCE AND PROGRESS

KIT's portfolio of assets generated a total of 161,000 tonnes of non-hazardous landfill waste, a 5% increase from 2020. This is on the back of a 10% decrease in scrap metal recycled of 6,000 tonnes in 2021, due to declining metal content in waste received by the WTE plants.

This represented a 68.5% recovery rate from bottom ash, close to the 70% recovery rate target set by KIT.

The Trustee-Manager will continue to monitor the scrap recovery rate to achieve its 70% target, and to meet its goal to divert 90% of waste from landfills.

WATER

GRI 103-1 | 103-2 | 103-3 | 303-1 | 303-2 | 303-5

MANAGEMENT APPROACH

Water is managed as a critical resource as some of KIT's businesses and assets operate in water-scarce regions where issues such as climate change and population growth are expected to exacerbate water scarcity.

As such, KIT's water management efforts are essential to safeguard business value and continuity into the future. KIT's water management strategies are aligned with the mission of PUB, Singapore's National Water Agency, which is to ensure an efficient, adequate and sustainable supply of water.

Through the SingSpring Desalination Plant and the Keppel Seghers Ulu Pandan NEWater plant, KIT directly contributes to Singapore's "Four National Taps" of freshwater supply by generating potable water from raw seawater as well as highly treated reclaimed water. Through Ixom, KIT contributes further to water security by producing chemicals and supplying solutions that are crucial to upstream water treatment processes.

The Trustee-Manager ensures the efficient use of water by adopting water-efficient equipment, technologies and processes. For example, seawater is used at KMC to cool its generators, while recycled water is used at Senoko WTE Plant to wash and cool machineries. Over in the Philippines, rainwater is used at Philippine Coastal for its oil water separators. The Trustee-Manager also ensures that any trade effluent discharge is in compliance with environmental laws and regulations.

PERFORMANCE AND PROGRESS

KIT sources most of its water from municipal water supplies such as PUB or from water produced at its water plants. It sources a small percentage of water (<2%) from rivers and underground streams at its facilities at

WASTE TO LANDFILL AND SCRAP METAL RECOVERED

Waste (tonnes)

180,000

150,000

120,000

90,000

60,000

30,000

0

| | 2019 | 2020 | 2021 |
|-----------------------|---------|---------|---------|
| Waste to Landfill | 148,000 | 153,000 | 161,000 |
| Scrap Metal Recovered | 9,000 | 7,000 | 6,000 |

Note: The figures have been rounded off to the nearest thousand.

TOTAL WATER CONSUMPTION

Water Use (m³)

1,800,000

1,500,000

1,200,000

900,000

600,000

300,000

0

| | 2019 | 2020 | 2021 |
|---------------|------------------|---------------------|------------------|
| NEWater | 998,000 | 1,092,000 | 1,094,000 |
| Potable Water | 434,000 | 418,000 | 433,000 |
| River Water | — | — | 28,000 |
| Total | 1,432,000 | 1,510,000.00 | 1,555,000 |

Note: The figures have been rounded off to the nearest thousand.

Ixom and Philippines Coastal for occasional use in cooling towers. The Trustee-Manager ensures that KIT's water withdrawal does not significantly impact any water sources.

KIT's portfolio consumed a total of 1,555,000 cubic metres (m³) of water to support its operational needs in 2021, of which 1,094,000 m³ (almost 70%) was NEWater which is reclaimed wastewater produced at its NEWater plant, 433,000 m³ was potable water and 28,000 m³ was river water. The increase of 3% compared to 2020 is mainly due to the addition of Philippines Coastal to the KIT portfolio in 2021.

A significant part of the Trustee-Manager's water management efforts is directed towards increasing the amount of water recycled and reused within its asset operations. In 2021, 337,000 m³ were recycled, representing more than 20% of the water used. For example, a significant amount of water is recycled at the Senoko WTE Plant through an innovative

process of treating effluent water from the refuse leachate and wastewater.

City Energy has also implemented an innovative system to recycle wastewater produced by the town gas manufacturing process, which involves collecting water condensate from the medium-pressure cyclic gas-making plants for use in the cooling tower, contributing to savings of up to 15% in water consumption annually.

KIT discharged a total of 52,159,000 m³ of water in 2021, of which 33,479,000 m³ was discharged into surface waters and 18,680,000 m³ was discharged into sewers that lead to rivers, treatment facilities and/or groundwater. All water and effluent discharged to water courses or sewer systems is treated in compliance with applicable country-specific environmental standards, requirements and limits. The Trustee-Manager conducts impact studies and designs outfalls to ensure

ENVIRONMENTAL STEWARDSHIP

that discharge water does not significantly impact the environment.

There is no incident of trade effluent discharge leading to regulatory actions in 2021.

ENVIRONMENTAL PROTECTION

GRI 103-1 | 103-2 | 103-3 | 305-7 | 307-1

MANAGEMENT APPROACH

The Trustee-Manager is committed to ensuring compliance with environmental regulations and standards in order to minimise any potential negative impact of operations on local ecosystems. Optimising the consumption of environmental resources also helps the Trust reduce costs, optimise value creation and adapt to rapidly changing markets that value excellent sustainability performance. The nature of operations of some of the assets in KIT's portfolio means there can be significant environmental impacts from emissions and effluents. The Trustee-Manager adopts industry best practices and advanced environmental solutions to assess and mitigate potential environmental impacts and risks.

The Trustee-Manager adopts internationally recognised standards including the ISO 14001 certification to validate industry-leading environmental performance. A list of KIT businesses that have attained the sustainability certifications can be found on page 39.

To minimise any potential negative impact of its operations on local ecosystems, all of KIT's operations conduct an Environmental Impact Assessment (EIA) prior to the commencement of operations. Based on the results of the EIA, water quality test reports, air emission sensor readings and monthly operations and maintenance reports, potential impact on the environment and local communities are identified.

Monthly operational reports and incident monitoring also help the Trustee-Manager to ensure that all emissions and effluent from the KIT portfolio are within the approved regulatory limits, and in compliance with applicable environmental regulations and standards.

PERFORMANCE AND PROGRESS

Through the EIA, the Trustee-Manager has identified several operations with the potential to affect local communities and ecosystems, which are outlined below:

- **SingSpring Desalination Plant:** Trade effluent with a concentration of salt and heavy metals discharged back to the sea (with regulatory permission).
- **Keppel Seghers Ulu Pandan NEWater Plant:** Trade effluent discharged back to PUB sewage system (within allowable limits).
- **Senoko WTE, Keppel Seghers Tuas WTE and KMC plants:** Discharge of air

pollutants, e.g. Dioxin, nitrogen oxide (NOx), and sulphur oxides (SOx) (within allowable limits); discharge of recycled seawater for plant cooling back to the sea (within allowable limits).

- **Philippine Coastal:** Non-hazardous wastewater after passing through oil water separator discharged into river (within allowable limits and compliant with discharge requirements)

Emissions from KIT's Singapore assets that are managed by Keppel Infrastructure, which is KIT's sponsor and Operations and Maintenance contractor. In 2021, NOx and SOx emissions from the Trust's Singapore assets remained well below the limits stipulated by the NEA's Environmental Protection and Management (Air Impurities) Regulations, which are 700 milligrams per normal cubic metre (mg/Nm³) and 500 mg/Nm³ respectively.

In 2021, highest level of NOx emitted was 158 mg/Nm³ while the highest level of SOx emitted was 97 mg/Nm³. Highest level of particulate matter (PM) emitted was 12 mg/Nm³ in 2021, which is far below the NEA emission standard of 100 mg/Nm³.

There was no incident of non-compliance with environmental laws and regulations reported in 2021.

Spotlight

Water Recycling at Senoko WTE Plant



The Senoko WTE Plant uses an average of 160,000 m³ of water annually for its operations, predominantly from NEWater.

Effluent water from the refuse leachate and wastewater is treated through a multi-gravel filtration system and is subsequently transferred to the service water basins to be reused. The filtration system was designed, fabricated, and installed by the operations and maintenance team. It consists of several layers of porous media resting on a drainage gravel layer, which acts as a support medium for the entire system and allows for backwash to be carried out effectively. The treated water is used for ash quenching and fire prevention by wetting dry refuse in the bunker.

Drainage channels throughout the site also collect rainwater and surface runoff which are subsequently stored in the five catchment basins and then conveyed to the service basins to be used for general purposes such as reception hall cleaning and boiler house washing. The rain and surface water can be supplemented with treated effluent water during periods of low precipitation. These water recycling processes reduce the water demand and discharge rates.

This innovative effluent filtering and recycling system, together with the onsite rain/surface water system, has been able to significantly reduce the plant's consumption of NEWater as well as water discharge.

» RESPONSIBLE AND SUSTAINABLE BUSINESS PRACTICES FORM THE CORNERSTONE OF HOW THE TRUSTEE-MANAGER SEEKS TO DELIVER LONG-TERM VALUE TO ITS STAKEHOLDERS, AS WELL AS MAINTAIN TRUST AND CONFIDENCE IN KIT.



◀ In 2021, KMC achieved the pre-set carbon emission targets set under the seven-year \$700 million sustainability-linked loan for FY 2021.

ECONOMIC SUSTAINABILITY

GRI 103-1 | 103-2 | 103-3 | 201-1

MANAGEMENT APPROACH

The Trustee-Manager is focused on generating stable and sustainable distributions and economic value to Unitholders and other stakeholders by driving operational excellence in its asset and portfolio management efforts, while maintaining an optimal capital structure.

Incorporating ESG considerations into the corporate strategy and business operations help to ensure sustainable business performance and accountability to its investors, customers, workforce, and communities.

As the industry landscape continues to evolve, ESG performance will play a bigger role in driving returns on investment. The Trustee-Manager will increasingly and proactively integrate ESG practices to build resilience, manage risk and strengthen financial performance. This includes understanding the financial impacts of climate-related risks and opportunities on its businesses and assets.

PERFORMANCE AND PROGRESS

KIT declared a total DPU of 3.78 cents for FY 2021, the first increase from its

historical annual payout of 3.72 cents since 2016.

In 2021, KMC achieved the pre-set carbon emission targets under the seven-year \$700 million sustainability-linked loan for FY 2021, which will allow us to enjoy lower interest rates.

In 2021, the Trustee-Manager undertook a strategic review of KIT's businesses and identified new platforms that will propel KIT into its new growth phase. Beyond the traditional asset classes that provide long-term utility-like contracted cash flows, the Trustee-Manager will also capitalise on opportunities arising from the shift to a low-carbon economy, and growth of the digital economy, as well as leveraging socio-economic trends that bode well in the long term.

More information on KIT's strategic direction and financial performance can be found on pages 4 and 25 to 26 of the Annual Report.

CORPORATE GOVERNANCE

GRI 103-1 | 103-2 | 103-3 | 102-16

MANAGEMENT APPROACH

Strong corporate governance and robust risk management are key to safeguard the interests of stakeholders and achieve long-term value creation.

To ensure strong corporate governance practices, the Trustee-Manager adopts the Code of Corporate Governance 2018 (the Code) issued by the Monetary Authority of Singapore (MAS) as its benchmark for corporate governance policies and practices. The Trustee-Manager complies with the Code, and maintains high levels of transparency and accountability to stakeholders.

PERFORMANCE AND PROGRESS

One of the core tenets of the Code concerns the centrality of the Board to good corporate governance. It sets out how the Board should conduct its affairs and the appropriate level of independence and diversity in its composition. Five out of six directors on the Board are Independent Directors.

To integrate sustainability into corporate governance, ESG factors are also incorporated into the Trustee-Manager's corporate scorecard and remuneration.

The Trustee-Manager also maintains a sound and effective system of risk management and internal controls. The Enterprise Risk Management Framework, which forms part of KIT's System of Management Controls, provides a holistic and systematic approach to risk management.

RESPONSIBLE BUSINESS

It guides KIT to assess key risks (including its likelihood and impact) and identify mitigating actions to respond to these risk drivers. The effectiveness of mitigating actions is evaluated on an ongoing basis.

This allows the Trustee-Manager to respond promptly and effectively amid the constantly evolving business landscape, including emerging ESG risks and opportunities.

The Board has put in place the Risk Tolerance Guiding Principles for the Trustee-Manager and KIT, which serves to determine the nature and extent of the significant risks that the Board is willing to take in achieving its strategic objectives.

More information on KIT's corporate governance guidelines and practices can be found on pages 150 to 183, and information on its risk management strategy and processes can be found on pages 184 and 185.

ETHICS AND INTEGRITY

GRI 103-1 | 103-2 | 103-3 | 102-17 | 205-2 | 205-3 | 419-1

MANAGEMENT APPROACH

The Trustee-Manager has zero tolerance for corruption, bribery, fraud and unethical business practices. Some of the key policies that guide the Trustee-Manager in its business operations include the KIT Enhanced Code of Conduct, Anti-Bribery Policy, Corporate Statement on Human Rights, Whistle-Blower Policy, Insider Trading Policy and Competition Law Compliance Manual. Collectively, they set out the principles of conduct that guides directors and employees in carrying out their duties and responsibilities to the

highest standards of personal and corporate integrity when dealing with competitors, customers, suppliers, other employees and key stakeholders.

All employees are required to adhere to the KIT Enhanced Code of Conduct, which aims to establish and reinforce the highest standards of integrity and ethical business practices. The KIT Enhanced Code of Conduct outlines the responsibilities of all employees to uphold anti-corruption and anti-bribery principles, and has defined ethical business standards for managing conflicts of interest, the offering and receiving of gifts, as well as hospitality and promotional expenditures.

As part of the onboarding process, new employees are required to declare conflicts of interest and are informed of the Enhanced Code of Conduct, Anti-Bribery and Whistle-Blower policies. These policies are communicated and reinforced to all employees on an annual basis through exercises such as online training courses and declarations of adherence to the policies. These policies are readily available to employees through an online portal.

All employees are required to declare potential conflict of interest and avoid any conflict in their dealings with suppliers, customers and other third parties. The Competition Law Compliance Manual provides guidelines for the Trustee-Manager and its employees to avoid anti-competitive behaviour in its business activities.

Third party associates (TPAs) of KIT are required to acknowledge the KIT Enhanced Code of Conduct, which includes anti-bribery and anti-corruption sections.

The Regulatory Compliance Governance Structure is in place to enhance overall corporate governance and manage anti-corruption efforts. The Board regularly reviews anti-corruption policies, updating, revising and implementing corrective measures as necessary. The Audit and Risk Committee (ARC) supports the Board in its oversight of regulatory compliance, in addition to implementing effective compliance and governance mechanisms.

KIT has a Whistle-Blower Policy which provides an independent mechanism where employees, customers, suppliers, and other stakeholders may raise concerns or report, in good faith, incidents of actual or suspected illegal and/or unethical conduct and violation of laws and regulations, without fear of reprisal. Any concerns or issues can be reported through the whistle-blower reporting channel operated by an independent third party. Matters under the policy are reported directly to the ARC Chairman. The ARC reviews the Whistle-Blower Policy annually to ensure a proper process for investigation and follow-up of any incident. See pages 177 and 178 of the Annual Report for more details on the Whistle-Blower Policy.

The Trustee-Manager has a formal Insider Trading Policy on dealings in the securities of KIT, which sets out the implications of insider trading and guidance



Key policies guide directors and employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity.



Potential suppliers undergo rigorous screening to evaluate reputation, track record of service quality, safety and alignment with KIT's sustainability criteria.

on such dealings. This policy is applicable to all the directors and officers of the Trustee-Manager. See page 168 of the Annual Report for more details on the Insider Trading Policy.

In addition to the Insider Trading Policy, the Trustee-Manager has a Dealing in Securities Policy, which applies to all employees and the securities accounts that employees have a beneficial interest. Pursuant to this Dealing in Securities Policy, the trading of rights and the subscription of excess rights of KIT Units are subject to trade clearance/restrictions. See page 168 of the Annual Report for more details on the Dealing in Securities Policy.

PERFORMANCE AND PROGRESS

All employees, including senior management and Board of Directors of the Trustee-Manager received mandatory training on anti-corruption policies and procedures in 2021, as part of annual training on key policies and procedures and regular compliance trainings.

In 2021, there was no confirmed incident of corruption, bribery or fraud, nor any non-compliance with laws or regulations.

ASSET QUALITY AND SAFETY

GRI 103-1 | 103-2 | 103-3

MANAGEMENT APPROACH

All employees, including part-timers and contract staff, as well as senior management and Board of Directors of the Trustee-Manager received mandatory training on anti-corruption policies and

procedures in 2021, as part of annual training on key policies and procedures and regular compliance trainings.

The Trustee-Manager is committed to ensure the long-term and consistent reliability and quality of the Trust's assets and services, to safeguard public health and safety and achieve high levels of customer satisfaction. KIT's assets and businesses provide essential services such as energy, water and town gas, making it even more critical to ensure consistent delivery of the highest quality and safety standards.

To do this, the Trustee-Manager works closely with government agencies and regulatory authorities who oversee the provision of public utilities such as electricity, water, and waste treatment, some of whom are also key customers of KIT.

The operations teams at the businesses and assets regularly engage with key customers to better understand their needs and ensure high levels of satisfaction. Key focus areas for customer satisfaction include Operations & Maintenance (O&M) effectiveness, equipment condition, safety record and readiness to respond to emergencies, such as chemical spills, health pandemics, fire outbreaks, terror and cyber threats.

Some of the Trust's businesses also engage their customers through Customer Satisfaction Surveys to understand their needs, evaluate satisfaction levels and gain feedback for improvement.



The Trustee-Manager also conducts regular reporting, annual capacity tests and audits as necessary to ensure quality and reliability throughout the portfolio. Businesses like City Energy, which produces and retails 100% of Singapore's town gas to approximately 872,000 residential, commercial and industrial customers, also conducts regular audits by a third-party consultant to gauge satisfaction levels for its services, including gas supply turn-on, gas installation work, commercial installation and servicing works carried out by both in-house City Energy technicians as well as term contractors.

Business Continuity Plans are in place for all assets. These include emergency evacuation drills, rescue drills, flu-pandemic drills (COVID-19), power outage drills, etc. Regular maintenance and equipment upgrading works are planned to minimise and prevent operational or service disruption.

The quality and safety of the Trust's assets and services also closely relate to safeguarding physical and cybersecurity at the assets. More details on Physical Security of Assets and Cybersecurity can be found on page 51.

PERFORMANCE AND PROGRESS

To maintain business continuity of KIT's critical infrastructure and ensure that the health and safety of employees and subcontractors are not compromised, the Trustee-Manager continued to enforce strict pandemic safe management measures at its offices and plants. There were no reported clusters and incidents affecting operations at KIT assets. More details on safeguarding employees' health and safety during the pandemic can be found on page 57.

To improve asset quality, Philippine Coastal conducted an online customer survey to understand customers' satisfaction for its facilities, services, maintenance and engineering services in 2021. Philippine Coastal will strive to enhance its offerings and services to meet customer demand.

At City Energy, commercial and domestic customers are engaged through interviews to evaluate satisfaction levels and obtain feedback. Its recent overall customer satisfaction score was 3.53 out of 4 in the second half of 2021.

⬆ The Trustee-Manager also conducts regular reporting, annual capacity tests and audits as necessary to ensure quality and reliability throughout the portfolio.

PHYSICAL SECURITY OF ASSETS

GRI 103-1 | 103-2 | 103-3

MANAGEMENT APPROACH

Ensuring the security of the Trust's physical infrastructure and assets is vital to the continual and consistent delivery of nationally critical services such as energy, water and town gas. As such, some of KIT businesses and assets in Singapore have been designated as Key Installations (KINS) by the Singapore Government. Due to their importance, KINS assets require heightened security measures such as armed security, strict access control, intrusion detection systems and advanced surveillance measures. National security forces including the Singapore Police Force and the Police Coast Guard, also provide security support.

The Trustee-Manager collaborates with government agencies and O&M contractors to further enhance the security of its nationally critical physical infrastructure, including rigorous scenario planning exercises, which are regularly updated and tested to ensure effectiveness.

For all other assets, the Trustee-Manager ensures that strict measures are put in place for access control, surveillance and business continuity, as well as regular review and maintenance of site security systems.

PERFORMANCE AND PROGRESS

At designated KINS, mandatory Red Teaming exercises are conducted by the armed security service providers to test the effectiveness of physical security systems at the plants. All exercises were concluded with a 100% success rate, demonstrating the highest standards of physical security at the plants.

For non-KINS plants, physical site risks are reviewed periodically. Regular security drills are conducted by plant operators as part of its emergency response procedures.

There were no physical security breaches affecting the operations of KIT's businesses and assets in 2021.

CYBERSECURITY AND DATA PRIVACY

GRI 103-1 | 103-2 | 103-3 | 418-1

MANAGEMENT APPROACH

With widespread digitalisation that was accelerated by the pandemic, it is increasingly important to ensure systems are safeguarded against cyber threats, as well as ensuring data protection and

privacy for all personal and sensitive information handled, by establishing robust cybersecurity procedures and measures.

It is also crucial that the Trustee-Manager aligns its operations with the national cybersecurity strategy and implements key initiatives to protect critical information infrastructure against cybersecurity threats in Singapore.

Cybersecurity and data privacy are managed by the Keppel Group Cybersecurity team and Keppel Capital's IT team, including monitoring of cybersecurity incidents. KIT adopts the Keppel Group Technology and Data Risk Management (TDRM) standards and framework.

The TDRM framework assesses the risks of information technology and operational technology systems, including technology, data and cyber risks, and provides guidance to develop and implement risk mitigation and control measures that commensurate with the criticality of the information assets. Policies and procedures governing the monitoring and management of cybersecurity incidents are reviewed on an annual basis for effectiveness.

The policies in place cover the following:

- Cybersecurity incidents must be assigned to the cybersecurity incident response team.
- All risks including technology, data and cyber risks must be considered in the annual assessment of risk.
- Compliance with cybersecurity is documented in agreements with vendors.
- For projects, system security requirements should be identified based on applicable compliance requirements and cybersecurity risk profile of the systems.
- Policies and procedures governing the management of cyber incidents from preparation, identification, tracking and closure are established and reviewed on an annual basis for efficiency and effectiveness.

Cybersecurity trainings are conducted annually and are mandatory for all employees.

PERFORMANCE AND PROGRESS

In 2021, Keppel Group conducted a series of cybersecurity trainings and awareness sessions for all employees, including the

Trustee-Manager's employees. The trainings covered awareness of cybersecurity threat and timely reporting and resolution of potential security incidents.

There were no substantiated complaints received concerning breaches of customer privacy, nor any leaks, thefts, or losses of customer data identified in 2021.

SUSTAINABLE SUPPLY CHAIN MANAGEMENT

GRI 103-1 | 103-2 | 103-3 | 102-9

MANAGEMENT APPROACH

A resilient and responsible supply chain facilitates business continuity, growth and success. The Trustee-Manager assesses the sustainability and responsibility of its suppliers in addition to the business value that they offer.

Potential suppliers undergo rigorous screening to evaluate reputation, track record of service quality, safety and alignment with KIT's sustainability criteria.

The Trustee-Manager encourages the adoption of strong sustainability principles throughout the supply chain. All major suppliers providing products or services valued at \$200,000 or more in a calendar year are required to sign and adhere to the Supplier Code of Conduct, which reinforces the principles of responsible business practices between employees and suppliers. The Supplier Code of Conduct covers areas pertaining to business conduct, labour practices, safety and health, as well as environmental management.

All contractors are required to comply with all applicable laws and regulations during their engagement with the Trustee-Manager. Regular engagements with contractors are also conducted to evaluate their performance against quality, safety standards and ESG criteria.

Ixom is a member of the Supplier Ethical Data Exchange, which is one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains.

PERFORMANCE AND PROGRESS

The Trustee-Manager will continue to review and assess its suppliers and partners to encourage adoption of the Supplier Code of Conduct in their business conduct, labour practices, safety and health, as well as local environmental regulations.

PEOPLE AND COMMUNITY

WE BELIEVE WE HAVE THE RESPONSIBILITY TO SUPPORT THE DEVELOPMENT AND WELLBEING OF OUR PEOPLE AND COMMUNITIES, WHEREVER WE OPERATE.

HUMAN CAPITAL MANAGEMENT

GRI 103-1 | 103-2 | 103-3 | 102-8 | 401-1 | 401-2 | 403-6 | 404-1 | 404-2 | 404-3 |

MANAGEMENT APPROACH

A talented and engaged workforce is key to its continued growth and success as a business. The Trustee-Manager is committed to build its human capital by attracting, developing and retaining a talented and engaged workforce with fair employment practices, as well as providing them with learning and development opportunities. The Trustee-Manager also seeks to provide a conducive environment for its people to collaborate, innovate and share ideas within a culture of recognition and appreciation.

The Trustee-Manager encourages its people to make a positive impact in the community by focusing on five key areas.



FIVE KEY AREAS FOR BUILDING HUMAN CAPITAL

Making a Difference

Provide platforms for employees to contribute to the communities

Having a Voice

Encourage employees to engage in company conversations and sharing of ideas for improvement

Feeling Valued

Foster a culture of recognition, appreciation and emphasis on employee well-being

Growing a Career

Enhance career development by providing pathways for skills acquisitions and mentorship

Inspiring Growth

Provide platforms for leadership development and encouraging employees to lead by example

PERFORMANCE AND PROGRESS

Employee Profile

As at end-2021, the Trustee-Manager has 22 full-time permanent employees, comprising nine females and 13 males. The dedicated investment, asset management and finance headcount are seconded from Keppel Capital to the Trustee-Manager.

All of the Trustee-Manager's employees are hired from and based in Singapore. More information on the Manager's Board of Directors and management team is available on pages 12 to 14.

The Trustee-Manager continues to be supported by Keppel Capital's workforce in functions such as investor relations and sustainability, risk and compliance, human resources, information technology, as well as legal and corporate secretarial services. None of the Trustee-Manager's employees are currently covered under any collective bargaining agreements.

Investing in Talent

To attract and retain talent, the Trustee-Manager offers competitive compensation and comprehensive benefits to all full-time employees. These benefits include life and health insurance, healthcare benefits, annual, medical and parental leave entitlements, as well as contributions to the local pension fund i.e. the Central Provident Fund in Singapore.

Employees are motivated and rewarded through a merit-based approach. The Trustee-Manager's robust performance management framework supports career planning and development through regular performance reviews that serve as a platform for employees to have a dialogue about their career goals, work satisfaction and developmental needs with their supervisors. Goals and targets are set

around four key areas of financial, process, customers and stakeholders, and people. These reviews help determine development opportunities, training, promotion, and compensation for employees. 100% of the eligible Trustee-Manager's employees received annual performance and career development reviews in 2021.

The Trustee-Manager also seeks to develop talent from within by identifying talented and high-potential employees for internal opportunities. Its talent management framework puts in place a process for developing and preparing potential successors for leadership responsibilities. The Trustee-Manager also benefits from Keppel Group's centralised talent management unit, which coordinates talent management information across all business units to optimise human capital management, as well as offers leadership and executive development programmes. To nurture young talents, the Trustee-Manager participated in the Keppel Group internship programme to help students gain valuable industry experience.

Developing People

Employees are provided with training and development opportunities that enable them to stay ahead of industry trends, gain essential knowledge and develop the skills they need to advance their careers and meet future needs of the business. Employees are able to discuss their training needs with their supervisors and identify skills gaps with a skills navigation tool implemented by Human Resource department.

In 2021, with telecommuting still the norm as a result of the pandemic, employees continued to engage in digital learning. A week-long virtual learning festival was held where employees could attend talks on digitalisation and sustainability, as well as courses such as Visual Basic

NEW HIRES AND TURNOVER BY GENDER AND AGE GROUP

| | New Hire | | Turnover | |
|----------------------|------------------|----------|------------------|----------|
| | No. of Employees | Rate (%) | No. of Employees | Rate (%) |
| By Gender | | | | |
| Male | 2 | 9.0 | 2 | 9.0 |
| Female | 4 | 18.0 | 3 | 14.0 |
| By Age Group | | | | |
| <30 years old | 3 | 14.0 | 1 | 5.0 |
| 30 to 50 years old | 3 | 14.0 | 3 | 14.0 |
| 50 years old & above | 0 | 0 | 1 | 5.0 |

for Application and Introduction to Python Programming. Employees were also introduced to the LinkedIn Learning platform, which comprises a digital library of over 16,000 courses covering a wide range of topics.

There is also an employee development scheme that supports employees who aspire to upgrade themselves with a higher professional certification that will aid in their career progression. Employees can apply for up to seven working days of examination leave in any calendar year for both company-sponsored and work related self-sponsored courses.

Many training programmes that were held before the COVID-19 pandemic continued to be put on hold, due to restrictions on physical meetings. As such, average training hours of 9.2 in 2021 were lower as compared to pre-pandemic times. With more digital learning opportunities made available and as the pandemic situation improves, the Trustee-Manager will work towards reactivating more training programmes to meet its target of at least 20 hours on average of training per employee in 2022.

Talent Management and Succession Planning

Continuous development of existing and new leaders is critical to succession planning and ensuring business continuity. The Trustee-Manager's succession planning and talent management framework is aimed at identifying and developing future leaders. The succession plan for the CEO is discussed and reviewed with the Nominating and Remuneration Committee and the Keppel Group on an annual basis.

Succession planning is also part of senior management's yearly targets.

To build its bench strength, the Trustee-Manager identifies high potential employees for leadership development, cultivating an innovative mindset, as part of strategic succession planning and talent management. Employees are able to engage directly with senior management and members of other Keppel business units and build relationships at networking events.

The Trustee-Manager leverages the Keppel Group's centralised talent management platform, to further support its efforts to drive leadership and executive development. The Keppel Young Leaders Programme is one example where high-potential employees across all business units in Keppel Group can learn through projects and knowledge sharing sessions to prepare them for elevated responsibilities, as well as gain access to senior management across the Group for mentoring and guidance. The Keppel Leadership Institute also helps identify and develop future leaders from within by preparing them for leadership responsibilities.

Engaging Employees

It is more important than ever to engage employees amid COVID-19 restrictions and the evolving safe management measures from the authorities.

There were activities to encourage employees to stay resilient and keep morale high. During the Appreciation Month of August, Keppel Capital organised a virtual amazing race for staff to bond and unwind. Fruit baskets were also delivered to staff

TRAINING HOURS PER EMPLOYEE BY GENDER

| | | |
|--------|-------------|-----|
| Female | <div></div> | 8.8 |
| Male | <div></div> | 9.6 |

TRAINING HOURS PER EMPLOYEE BY EMPLOYEE CATEGORY

| | | |
|-------------------------|-------------|-----|
| Managerial ¹ | <div></div> | 7.4 |
| Executive | <div></div> | 9.6 |

¹ Managerial includes Senior Management and Heads of Department.



◀ The Trustee-Manager is committed to providing a fair and inclusive work environment where a diversity of cultures and perspectives will drive innovation and business value.

PEOPLE AND COMMUNITY

FEMALE REPRESENTATION

33.3%

Female directors on the Board

to show appreciation for their grit and resilience in adjusting to the challenges caused by COVID-19. The Group also organised a global event where a musical duo performed song dedications for all employees.

The Keppel Group 2021 Employee Engagement Survey was conducted by an independent third party and helped to gauge engagement levels, as well as the efficacy of the Trustee-Manager's employee engagement initiatives. In 2021, its employee engagement score was above 75%. The results of the survey provided insights for the Trustee-Manager to refine its strategies on innovative & growth, people development, collaboration, agility, sustainability, employee engagement and execution.

Following the 2021 Employee Engagement Survey, focus group sessions were conducted to better understand employees' feedback. The feedback collected was used as inputs to implement follow-up initiatives that will be rolled out in 2022. Virtual townhalls were also held to ensure that all employees understand the active role they play in achieving Keppel's Vision 2030.

DIVERSITY AND INCLUSION

GRI 103-1 | 103-2 | 103-3 | 405-1 | 406-1

MANAGEMENT APPROACH

The Trustee-Manager is committed to fostering an inclusive workplace and developing a diversity of cultures and perspectives to facilitate innovation and drive value creation.

The Trustee-Manager ensures equal opportunities in hiring, career development, promotion, and compensation. To demonstrate its commitment to non-discrimination and

equal opportunities, the Trustee-Manager adheres to the Singapore's Tripartite Guidelines on Fair Employment Practices and strives to uphold the Employers' Pledge of Fair Employment Practices, which is guided by the five principles below:

1. Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, marital status and family responsibilities, or disability;
2. Treat employees fairly and with respect, as well as implement progressive human resources management systems;
3. Provide employees with fair opportunity to be considered for training and development based on their strengths and needs to help them achieve their full potential;
4. Reward employees fairly based on their ability, performance, contribution and experience; and
5. Abide by labour laws and adopt the Tripartite Guidelines on Fair Employment Practices.

The Trustee-Manager has zero tolerance for discrimination of any kind. Principles of human rights and anti-discrimination are further reinforced by the KIT Enhanced Code of Conduct. The Corporate Statement on Human Rights and Corporate Statement on Diversity and Inclusion articulate the Trustee-Manager's stance on human rights, diversity and inclusion. These statements, as well as the code of conduct, are available on KIT's corporate website.

The Trustee-Manager has also put in place effective procedures and processes for the reporting of incidents of discrimination and responds to all reports in a timely manner.

PERCENTAGE OF MALES AND FEMALES PER EMPLOYEE CATEGORY

| | 2021 | | 2020 | | 2019 | |
|-------------------------|-------|--------|-------|--------|-------|--------|
| | Male | Female | Male | Female | Male | Female |
| Board | 66.7 | 33.3 | 83.3 | 16.7 | 71.4 | 28.6 |
| Managerial ¹ | 100.0 | 0 | 100.0 | 0 | 100.0 | 0 |
| Executive | 52.6 | 47.4 | 52.9 | 47.1 | 46.7 | 53.3 |

PERCENTAGE BY AGE GROUP PER EMPLOYEE CATEGORY

| | 2021 | | | 2020 | | | 2019 | | |
|-------------------------|---------------|--------------------|----------------------|---------------|--------------------|----------------------|---------------|--------------------|----------------------|
| | <30 years old | 30 to 50 years old | 50 years old & above | <30 years old | 30 to 50 years old | 50 years old & above | <30 years old | 30 to 50 years old | 50 years old & above |
| Board | 0 | 0 | 100.0 | 0 | 0 | 100.0 | 0 | 14.3 | 85.7 |
| Managerial ¹ | 0 | 66.7 | 33.3 | 0 | 50.0 | 50.0 | 0 | 40.0 | 60.0 |
| Executive | 36.8 | 63.2 | 0 | 35.3 | 64.7 | 0 | 26.7 | 73.3 | 0 |

¹ Managerial includes Senior Management and Heads of Department.

PERFORMANCE AND PROGRESS

The Trustee-Manager has made progress in increasing female representation on the Board in 2021 to 33.3%, and seeks to maintain at least 30% of female directors on the Board.

To facilitate diversity and inclusion in the workplace, a talk on thriving through diversity was conducted as part of the learning festival held in 2021.

There were no incidents of discrimination reported in 2021.

EMPLOYEE HEALTH AND WELLBEING

GRI 103-1 | 103-2 | 103-3 | 403-1 | 403-2 | 403-5 | 403-6 | 403-9

MANAGEMENT APPROACH

The Trustee-Manager is committed to ensuring the health, safety and wellbeing of its employees by providing a safe work environment for all its stakeholders.

KIT adopts the Keppel Zero Fatality Strategy, which outlines actionable measures to prevent workplace fatalities through five strategic thrusts, namely, building a high-performance safety culture, adopting a proactive approach to safety management, leveraging technology to mitigate safety risks, harmonising global safety practices and competency, as well as streamlining learning from incidents.

The Trustee-Manager works closely with its operational and maintenance contractors to ensure the implementation of HSE best practices and that operational and maintenance procedures are well-integrated with HSE measures.

Risk assessments are conducted at KIT's businesses and assets, and mitigation plans are put in place to eliminate hazards and minimise risks. Regular audits are also conducted by qualified HSE personnel and independent consultants to ensure the effectiveness of its safety management systems. One of our operators, Keppel Seghers Engineering Singapore is also a BizSAFE partner.

Some of KIT's businesses and assets are classified as Major Hazard Installations (MHI) in Singapore. The Trustee-Manager ensures that safety management protocols and risk mitigating measures are in accordance with the Workplace Safety and Health (WSH) Regulations, in particular the Safety Case Regime. All respective safety cases have been reviewed and approved by relevant authorities.

The KIT Board Safety Committee (BSC) oversees and ensures that KIT's safety policies and practices are communicated, implemented, and reviewed across all businesses and assets. The BSC meets



SAFETY CERTIFICATIONS AND AWARDS

| Business/Asset | Award |
|---|--|
| City Energy | Workplace Safety & Health Council (WSHC) BizSAFE Level Star |
| | SS 651: 2019 – Safety and Health Management System for the Chemical Industry |
| | ISO 45001: 2018 – Occupational Health and Safety (OH&S) Management System |
| | Certificate of Commendation from Workplace Safety and Health Council (WSHC) |
| | Keppel Group Safety Convention: Individual Award |
| Ixom | Keppel Group Safety Convention: Executive Award |
| | Keppel Group Safety Convention: Supervisor Award |
| Keppel Seghers Tuas WTE Plant | ISO 45001: 2018 – Occupational Health and Safety (OH&S) Management System |
| Keppel Seghers Ulu Pandan NEWater Plant | ISO 45001: 2018 – Occupational Health and Safety (OH&S) Management System |
| KMC | ISO 45001: 2018 – Occupational Health and Safety (OH&S) Management System |
| Senoko WTE Plant | ISO 45001: 2018 – Occupational Health and Safety (OH&S) Management System |
| SingSpring Desalination Plant | ISO 45001: 2018 – Occupational Health and Safety (OH&S) Management System |
| | Workplace Safety & Health Council (WSHC) BizSAFE Level Star |

PEOPLE AND COMMUNITY

quarterly to review safety performance and initiatives, as well as conduct periodic safety site visits to all KIT operational sites, ensuring that safety will remain a top priority in the overall operations and strategic direction of KIT.

The Trustee-Manager engages operators and contractors through regular monthly meetings, joint site inspections, sharing of lessons learned from high potential incidents, annual roadshows, internal and external audits, improvement projects and regular performance reviews.

Every Keppel employee is expected to comply with all safety policies and procedures. To prevent and mitigate safety incidents, employees are encouraged to be proactive and report any safety issues they encounter. Regular safety toolbox meetings are held at the assets to encourage feedback or reporting of potential hazards from workers. It is a requirement in the HSE policy to report incidents within 24 hours, with a full investigation report to be made available within two weeks.

To prevent all avoidable health and safety incidents, the Trustee-Manager places a strong emphasis on communicating HSE issues, procedures and risk mitigation measures. KIT's operational and maintenance partners are expected to implement and engage in various communication and training efforts. Safety training and guidance are based on KIT's five Key Safety Principles:

1. Every incident is preventable;
2. HSE is an integral part of our business;
3. HSE is a line responsibility;
4. Everyone is empowered to stop any unsafe work; and
5. Strong safety culture is achieved through teamwork.

Refresher safety trainings are conducted to ensure employees remain up-to-date on HSE policies and procedures. Regular safety drills and global safety time-outs are

PORTFOLIO SAFETY PERFORMANCE

| | 2021 ¹ | 2020 | 2019 |
|---|-------------------|------|------|
| AFR (Accident Frequency Rate) Reportable accidents per mil man hours | 0.9 | 1.2 | 0.4 |
| ASR (Accident Severity Rate) Man-days lost per mil man hours | 14.1 | 16.8 | 6.8 |
| TRIR (Total Recordable Incident Rate) | 2.9 | 2.3 | – |

¹ Includes Philippines Coastal whose acquisition was completed in January 2021.

REPORTABLE INCIDENTS IN 2021

| Business/Asset | Reportable Incidents |
|-------------------------------|---|
| Senoko WTE Plant | A subcontractor injured his finger when he was testing a valve. |
| SingSpring Desalination Plant | A technician injured his finger while installing a pump. |
| Ixom | A subcontractor slipped off the back of a trailer. A subcontractor sprained his ankle while disembarking from a truck. A transport driver fractured his foot while exiting a truck onto an elevated bund. |

also conducted at all KIT's businesses and assets.

In addition to health insurance and healthcare benefits, employees also have access to mental health and wellness programmes organised by the group.

PERFORMANCE AND PROGRESS

In 2021, the Trustee-Manager continued to meet its target to maintain zero fatality across the KIT portfolio.

That said, there were five reportable work-related injuries incurred by contractors at KIT's assets, which are slips or falls, cuts and sprains which were sustained in the course of work.²

To prevent the occurrence of similar incidents, the Trustee-Manager continued to

emphasise safety measures. The incidents were also shared at safety briefings to raise awareness and promote learning.

To foster a strong safety culture across KIT's businesses and assets, individuals who demonstrated exemplary safety conduct and safety innovations were recognised and rewarded.

KIT's businesses and assets were also recognised for their efforts and innovation to improve safety performance at the annual Keppel Safety Convention in 2021.

Following the acquisition of Philippines Coastal in January 2021, the Trustee-Manager has completed the integration of HSE standards and policies at the business. Philippines Coastal held its Safety Observation and Awareness Reporting

SAFETY INNOVATION PROJECTS IN 2021

| Business/Asset | Safety Innovation Project | Award | Description |
|----------------|---|--------|--|
| City Energy | Implementation of a vacuum system to unload catalyst from reformer | Silver | Increased efficiency due to reduced number of overhaul days |
| | Implementation of Ex Proof Tablet for plant checklist and hazard notification | Bronze | Improved communication and consolidation of data |
| Ixom | Bulk Liquid Transporter Water Training Facility | Bronze | Training facility has eliminated the chemical exposure in initial driver training and improved the overall quality of training |

² More than three medical leave days or more than 24 hours hospitalization.

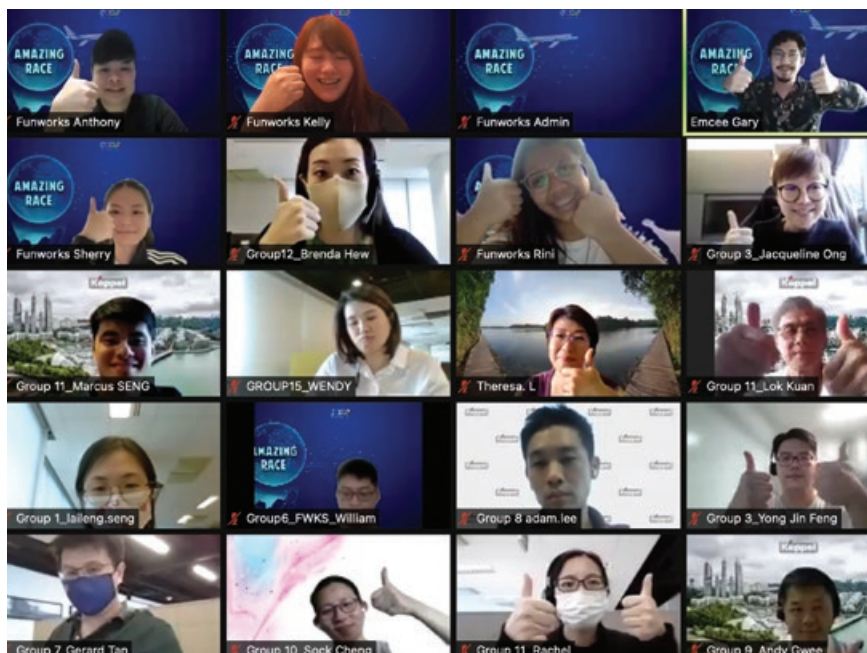
Campaign to recognise employees' efforts in reporting safety hazards and recommending improvements.

Supporting Health and Wellbeing During the Pandemic

The Trustee-Manager adopted flexible, hybrid work arrangements during the pandemic, where staff are able to work from home and go into the office during staggered hours. Safe management measures are enforced at the office to give employees the confidence to return to the workplace safely. These include mandatory mask wearing in the office, safe distancing between persons at workstations, regular cleaning and sanitising of common, high-touch areas, among others.

As the pandemic continued to strain the balance between work and home life, with daily anxieties and no end in sight, employees' physical and mental wellbeing were of concern. The Employee Assistance Programme (EAP) was rolled out in 2020 to provide employees and their families support as they coped with the challenges of working from home and juggling family responsibilities.

Employees and their dependents can access licensed counsellors on a confidential basis from the Singapore Counselling Centre for face-to-face or video counselling sessions. The Trustee-Manager respects the confidentiality of personal health-related information and workers' right to privacy.



Keppel Capital organised a virtual amazing race for staff to collaborate and bond.

Hence, employees' participation in such programmes or services and the data collected from such activities are not used for any favourable or unfavourable treatment.

October was dedicated as the Mental Well-being Month to spotlight the importance of mental health. Several activities,

including talks that aims to create a more resilient and productive workforce through learning to better manage stress and provide peer psychological support, were arranged. In the Physical Well-being month, held in June, employees participated in a global steps challenge organised by Keppel Group to help them stay fit and healthy.

Spotlight

2021 Safety Survey



In August 2021, the Trustee-Manager launched its inaugural safety survey, which was conducted by an external consultant. The survey covered all KIT's businesses and assets, and achieved a total participation rate of 77% from 429 employees.

Safety is one of KIT's core values and it is a priority to ensure the safety and well-being of employees. To assess their safety performance, KIT Board Safety Committee embarked on the journey to listen more actively to the employees and this survey was launched to measure employee's workplace safety performance and gain more

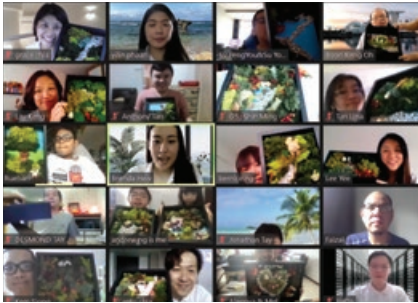
holistic feedback on the key areas for improvements.

Overall, it achieved good ratings on safety culture and process safety comparable to industry and Keppel Group levels. The survey found that there was a strong foundation of safety culture, employees have good awareness of safety procedures and processes, and they value process safety and use it to create a safe working environment.

For any focus areas identified during this survey, the Trustee-Manager would work with asset managers to incorporate them into their respective HSE plans going forward.

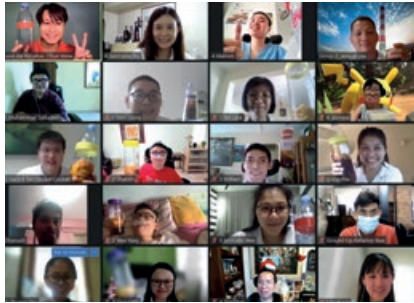
PEOPLE AND COMMUNITY

Some of the engagement during the year include:



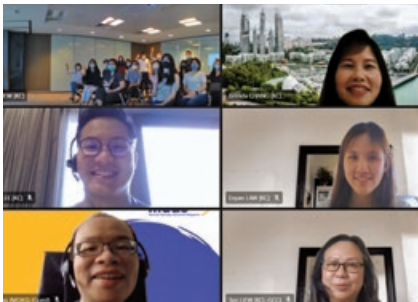
VIRTUAL MOSS ART ACTIVITY

Virtual get-together where volunteers and MDAS beneficiaries created art pieces from mosses that have been carefully preserved for decorative purposes through an eco-friendly process, to bring fun and education.



EDUCATIONAL SESSION ON ECO-ENZYMES

Volunteers, together with MDAS beneficiaries attended a virtual workshop to learn about the benefits of enzymes and how everyday food waste such as orange peels can be repurposed into useful products, such as washing detergents.



HUMAN LIBRARY SESSION ON MUSCULAR DYSTROPHY

Sharing session on muscular dystrophy as MDAS beneficiaries shared with employees about their life stories and the challenges they face in their day-to-day lives.



FESTIVE CARE PACKAGE DISTRIBUTION

Volunteers distributed care packages to NKF frontliners to support them during the pandemic.

COMMUNITY DEVELOPMENT AND ENGAGEMENT

GRI 103-1 | 103-2 | 103-3

MANAGEMENT APPROACH

The Trustee-Manager believes in doing well by doing good, through supporting initiatives that contribute to the local communities wherever it operates. These include charitable donations and community engagement activities.

To encourage participation in community outreach efforts, employees are provided with two days of paid volunteerism leave each year to participate in community initiatives within the Keppel Group. The Trustee-Manager also encourages employees at its business and assets to give back to the communities by uplifting the underprivileged and driving environmental stewardship.

Keppel Capital takes guidance from the Business for Societal Impact (B4SI) (formerly known as LBG) community investment framework, which is the global standard for measuring and reporting on corporate community investment. It has also obtained verification for the reporting of its community engagement efforts in 2021, which can be found on page 64 (B4SI Verification Statement).

PERFORMANCE AND PROGRESS

In 2021, the Trustee-Manager and the Trust contributed more than \$170,000 in donations to support various philanthropic initiatives and community needs.

» We used to throw our fruit waste away after eating them and I felt bad for not making better use of it. It was very educational and insightful to learn how fruit waste can be recycled into everyday household products.

SHALOM LIM, MDAS member

» It was a fun and rewarding experience. It gave me the opportunity to use my design skills for a good cause and at the same time I had an enjoyable time interacting and brainstorming with Keppel Capital volunteers.

TIMOTHY CHAN, MDAS member

The Trustee-Manager, together with Keppel Capital, dedicated more than 630 hours to community outreach activities during the year. In partnership with the Muscular Dystrophy Association (Singapore) (MDAS), Keppel Capital volunteers leveraged technology to organise a series of interactive games and craft sessions that brought cheers to the beneficiaries, many of whom were confined at home due to risks of COVID-19 infections.

To mark Keppel Community Month in August 2021, Keppel Capital volunteers partnered with MDAS beneficiaries to design birthday cards for patients of National Kidney Foundation (NKF). A total of 250 birthday cards in five different designs, each bearing the name of the MDAS designer were printed and delivered to NKF. Keppel Capital also prepared 100 cookie bags for frontliners at NKF as a token of appreciation for their unwavering commitment in this challenging period.

A virtual games session was also organised to bring cheer to the beneficiaries of New Life Community Services (Singapore) Children and Student Care on Children's Day. Cupcakes were also delivered to the various student care centres for tea break.



⬆ Cookies were distributed to NKF frontliners to show appreciation for their dedication during the pandemic.



⬆ The Trustee-Manager, together with Keppel Capital, holds virtual engagement sessions with its adopted charity, MDAS.

KIT's businesses and assets also supported and initiated various programmes to uplift the local communities.

OVER \$1 MILLION IN GAS REBATES TO SUPPORT 2,602 HAWKERS

In Singapore, City Energy supported hawker heroes by distributing over \$1 million worth of gas rebates to 2,602 hawkers within its network of 59 hawker centres.

CHAMPIONING EDUCATION, WATER SAFETY & ANIMAL CONSERVATION

Ixom continued to support local initiatives in the community including:

- Supported the Les Twentyman Foundation with sponsorship for at-risk youths
- Supported victims and survivors of sexual harm by contributing to the provision of professional counsellors at Tautoko Mai
- Supported Taronga Conservation Society Australia (Taronga Zoo) with sponsorship that supports wildlife habitats and communities across the globe
- Supported Water New Zealand with sponsorship that advocates and promotes the sustainable management of the water environment

SUPPORTING LOCAL MARGINALISED COMMUNITIES

Philippine Coastal engaged in monthly CSR activities with Subic Bay Metropolitan Authority and the local indigenous people (Pastolan Aeta Community):

- Donations of health and welfare packs for abandoned children at Niños PAGASA and the Social Development Center
- Donation of equipment to a bakery run by a charitable foundation for differently abled persons to support their operations

GRI CONTENT INDEX

GRI 102-55

| GRI Standard | Disclosure Number | Disclosure Title | Page References | Connections to UN Initiatives |
|--|-------------------|--|---|-------------------------------|
| GENERAL DISCLOSURES | | | | |
| GRI 101: Foundation 2016 | | | | |
| Organisational Profile | | | | |
| GRI 102: General Disclosures 2016 | 102-1 | Name of the organisation | 4 | |
| | 102-2 | Activities, brands, products, and services | 5 to 7 | |
| | 102-3 | Location of headquarters | 4, 188 | |
| | 102-4 | Location of operations | 4, 6 to 7, 188 | |
| | 102-5 | Ownership and legal form | 4 and 5, 188 | |
| | 102-6 | Markets served | 6 to 7 | |
| | 102-7 | Scale of the organisation | 4 to 7, 16, 26, 52 | |
| | 102-8 | Information on employees and other workers | 52 | |
| | 102-9 | Supply chain | 51 | |
| | 102-10 | Significant changes to the organisation and its supply chain | There are no significant changes to the organisation and its supply chain | |
| | 102-11 | Precautionary Principle or approach | 44 | |
| | 102-12 | External initiatives | 39 | |
| | 102-13 | Membership of associations | 39 | |
| Strategy | | | | |
| | 102-14 | Statement from senior decision-maker | 32 and 33 | |
| Ethics and Integrity | | | | |
| | 102-16 | Values, principles, standards, and norms of behaviour | 47 to 49 | |
| | 102-17 | Mechanisms for advice and concerns about ethics | 48 | |
| Governance | | | | |
| | 102-18 | Governance structure | 35, 47, 150 to 183 | |
| | 102-20 | Executive-level responsibility for economic, environmental and social topics | 35 | |
| Stakeholder Engagement | | | | |
| | 102-40 | List of stakeholder groups engaged | 40 | |
| | 102-41 | Collective bargaining agreements | 52 | |
| | 102-42 | Identifying and selecting stakeholders | 40 | |
| | 102-43 | Approach to stakeholder engagement | 40 | |
| | 102-44 | Key topics and concerns raised | 40 | |
| Reporting Practice | | | | |
| | 102-45 | Entities included in the consolidated financial statements | 112 and 113 | |
| | 102-46 | Defining report content and topic Boundaries | 34 to 37 | |
| | 102-47 | List of material topics | 36 | |
| | 102-48 | Restatements of information | 42 | |
| | 102-49 | Changes in reporting | 36 and 37 | |
| | 102-50 | Reporting period | 34 | |
| | 102-51 | Date of most recent report | SR2020 was published in March 2021 | |
| | 102-52 | Reporting cycle | 34 | |
| | 102-53 | Contact point for questions regarding the report | 34 | |
| | 102-54 | Claims of reporting in accordance with the GRI Standards | 34 | |
| | 102-55 | GRI content index | 60 to 63 | |
| | 102-56 | External assurance | 34, 64 | |

| GRI Standard | Disclosure Number | Disclosure Title | Page References | Connections to UN Initiatives | |
|-----------------------------------|-------------------|--|-----------------|---------------------------------------|---------------------------------------|
| TOPIC-SPECIFIC DISCLOSURES | | | | | |
| | | ENVIRONMENTAL STEWARDSHIP | | | |
| | | Energy | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 41 | SDG 11, 13 UNGC Principles 7, 8, 9 | |
| | 103-2 | The management approach and its components | 41 | | |
| | 103-3 | Evaluation of the management approach | 42 to 44 | | |
| GRI 302: Energy 2016 | 301-1 | Energy consumption within the organisation | 43 and 44 | | |
| | 302-3 | Energy intensity | 42 and 43 | | |
| | | Emissions | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 41 | | SGD 11, 13 UNGC Principles 7, 8, 9 |
| | 103-2 | The management approach and its components | 41 | | |
| | 103-3 | Evaluation of the management approach | 42 to 44 | | |
| GRI 305: Emissions 2016 | 205-3 | Other indirect (Scope 3) GHG emissions | 41 and 42 | | |
| | 305-1 | Direct (Scope 1) GHG emissions | 41 and 42 | | |
| | 305-2 | Energy Indirect (Scope 2) emissions | 41 and 42 | | |
| | 305-4 | GHG emissions intensity | 41 and 42 | | |
| | | Climate Change Adaptation | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 44 | SDG 13 UNGC Principles 7, 8, 9 | |
| | 103-2 | The management approach and its components | 44 | | |
| | 103-3 | Evaluation of the management approach | 44 | | |
| | | Waste Management | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 44 | SDG 12 | |
| | 103-2 | The management approach and its components | 44 and 45 | | |
| | 103-3 | Evaluation of the management approach | 44 and 45 | | |
| GRI 306: Waste 2020 | 306-1 | Waste generation and significant waste-related impacts | 45 | | |
| | 306-2 | Management of significant waste-related impacts | 45 | | |
| | 306-3 | Waste generated | 45 | | |
| | 306-4 | Waste diverted from disposal | 45 | | |
| | 306-5 | Waste directed to disposal | 45 | | |
| | | Water | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 45 | SDG 6 | |
| | 103-2 | The management approach and its components | 45 | | |
| | 103-3 | Evaluation of the management approach | 45 and 46 | | |
| GRI 303: Water and Effluents | 303-1 | Interactions with water as a shared resource | 45 | | |
| | 303-2 | Management of water discharge-related impacts | 45 and 46 | | |
| | 303-5 | Water consumption | 45 and 46 | | |
| | | Environmental Protection | | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 46 | SDG 6 | |
| | 103-2 | The management approach and its components | 46 | | |
| | 103-3 | Evaluation of the management approach | 46 | | |
| GRI 305: Emissions | 305-7 | Nitrogen oxides (NOx) sulfur oxides (SOx), and other significant air emissions | 46 | | |
| GRI 307: Environmental Compliance | 307-1 | Non-compliance with environmental laws and regulations | 46 | | |

GRI CONTENT INDEX

GRI 102-55

| GRI Standard | Disclosure Number | Disclosure Title | Page References | Connections to UN Initiatives |
|-----------------------------------|-------------------|--|-----------------|--------------------------------------|
| | | RESPONSIBLE BUSINESS | | |
| | | Economic Sustainability | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 47 | SDG 8 |
| | 103-2 | The management approach and its components | 47 | |
| | 103-3 | Evaluation of the management approach | 47 | |
| GRI 201: Economic Performance | 201-1 | Direct economic value generated and distributed | 47, 25 and 26 | |
| | | Corporate Governance | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 47 | SDG 16 |
| | 103-2 | The management approach and its components | 47 | |
| | 103-3 | Evaluation of the management approach | 47 and 48 | |
| | | Ethics and Integrity | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 48 and 49 | SDG 16 UNGC Principle 10 |
| | 103-2 | The management approach and its components | 48 and 49 | |
| | 103-3 | Evaluation of the management approach | 49 | |
| GRI 205 Anti-corruption | 205-2 | Communication and training about anti-corruption policies and procedures | 49 | |
| | 205-3 | Confirmed incidents of corruption and actions taken | 49 | |
| GRI 419: Socioeconomic Compliance | 419-1 | Non-compliance with laws and regulations in the social and economic area | 49 | |
| | | Physical Security of Assets | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 51 | SDG 3, 9 |
| | 103-2 | The management approach and its components | 51 | |
| | 103-3 | Evaluation of the management approach | 51 | |
| | | Cybersecurity and Data Privacy | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 51 | |
| | 103-2 | The management approach and its components | 51 | |
| | 103-3 | Evaluation of the management approach | 51 | |
| GRI 418: Customer Privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 51 | |
| | | Sustainable Supply Chain Management | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 51 | SDG 12 UNGC Principles 1, 2, 4, 5 |
| | 103-2 | The management approach and its components | 51 | |
| | 103-3 | Evaluation of the management approach | 51 | |

| GRI Standard | Disclosure Number | Disclosure Title | Page References | Connections to UN Initiatives |
|---|-------------------|--|-----------------|-------------------------------------|
| | | PEOPLE AND COMMUNITY | | |
| | | Human Capital Management | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 52 | SDG 8 UNGC Principles 3, 4, 5, 6 |
| | 103-2 | The management approach and its components | 52 | |
| | 103-3 | Evaluation of the management approach | 52 to 54 | |
| GRI 401: Employment | 401-1 | New employee hires and employee turnover | 52 | |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 52 to 54 | |
| GRI 404: Training and Education 2016 | 404-1 | Average hours of training per year per employee | 53 | |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | 52 and 53 | |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 52 | |
| | | Diversity and Inclusion | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 54 | SDG 8 UNGC Principles 1, 2 |
| | 103-2 | The management approach and its components | 54 | |
| | 103-3 | Evaluation of the management approach | 55 | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 | Diversity of governance bodies and employees | 54 | |
| GRI 406: Non-discrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken | 55 | |
| | | Employee Health and Wellbeing | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 55 and 56 | SDG 3 |
| | 103-2 | The management approach and its components | 55 and 56 | |
| | 103-3 | Evaluation of the management approach | 56 and 57 | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 | Occupational health and safety management system | 55 and 56 | |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 55 and 56 | |
| | 403-5 | Worker training on occupational health and safety | 56 | |
| | 403-6 | Promotion of worker health | 56 and 57 | |
| | 403-9 | Work-related injuries | 56 | |
| | | Community Development and Engagement | | |
| GRI 103: Management Approach 2016 | 103-1 | Explanation of the material topic and its Boundary | 58 | SDG 17 |
| | 103-2 | The management approach and its components | 58 | |
| | 103-3 | Evaluation of the management approach | 58 and 59 | |

BUSINESS FOR SOCIETAL IMPACT (B4SI) VERIFICATION 2021



Corporate Citizenship is a global consulting firm which specialises in responsible and sustainable business, as well as manages the Business for Societal Impact (B4SI) Framework (formerly known as LBG).

Corporate Citizenship conducted a verification of the use of the B4SI framework by Keppel Capital – a member of the B4SI network – to measure and report on its corporate community investment (CCI) activities across its entities including Keppel Infrastructure Trust (KIT), occurring between 1 January to 31 December 2021.

The B4SI Framework helps businesses to measure, manage and report on their CCI activities. It moves beyond charitable donations to include the full range of contributions, or inputs, made to community causes. It also assesses the actual results for the community and for the business, which are known as outputs and impacts.

The purpose of the verification has been to assess whether the B4SI Framework, and its guidance, are correctly and consistently applied by KIT in its reporting.

The scope of the B4SI verification covers the information presented in the Community Development section of KIT's Sustainability Report for 2021, on pages 58 to 59.

This includes the following data:

- Cash
- Time
- In-kind donations

Corporate Citizenship is satisfied, based on the limited scope described above, that KIT has sufficiently applied the guidance set out in the B4SI Manual for Corporate Community Investment. Verification has not extended to an independent audit of the data presented in this report.

For more information on B4SI, please visit: <https://b4si.net/>

TRUSTEE-MANAGER'S STATEMENT

Keppel Infrastructure Fund Management Pte. Ltd. was appointed as the Trustee-Manager of Keppel Infrastructure Trust (the "Trust") on May 18, 2015.

The directors of the Trustee-Manager present their statement, together with the audited consolidated financial statements of the Trust and its subsidiaries (collectively the "Group") and statement of financial position and statement of changes in unitholders' funds of the Trust for the financial year ended December 31, 2021.

Opinion of the Directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in unitholders' funds of the Trust as set out on pages 72 to 149 are drawn up so as to give a true and fair view of the financial position of the Group and of the Trust as at December 31, 2021, and the financial performance, changes in unitholders' funds and cash flows of the Group and changes in unitholders' funds of the Trust for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Trust will be able to pay its debts when they fall due.

In accordance with Section 86(2) of the Singapore Business Trusts Act 2004 (the "Act"), we further certify:

- (a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed;
- (b) the interested person transactions entered into by the Group during the financial year ended December 31, 2021 are not detrimental to the interests of all the unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and
- (c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

In accordance with Regulation 12(6) of the Singapore Business Trust Regulations ("BTR"), the Board of Directors of the Trustee-Manager may determine that a director who is not considered to be independent from management and business relationships with the Trustee-Manager under Regulation 3; or not considered to be independent from a substantial shareholder of the Trustee-Manager under Regulation 4, is nonetheless independent from management and business relationships with the Trustee-Manager or independent from a substantial shareholder of the Trustee-Manager, if the Board of Directors is satisfied that the director's independent judgment and ability to act with regard to the interests of all the unitholders of the Trust as a whole will not be interfered with, despite the relationships.

The details of the Board of Directors' review and determination under Regulation 12(7) of the BTR are disclosed in the Corporate Governance section of the Annual Report of the Trust in accordance to Regulations 12(8) and 12(9) of the BTR.

Directors

The directors of the Trustee-Manager in office at the date of this statement are:

Daniel Cuthbert Ee Hock Huat (Chairman)
 Thio Shen Yi
 Mark Andrew Yeo Kah Chong
 Kunnasagaran Chinniah
 Christina Tan Hua Mui
 Susan Chong Suk Shien (Appointed on March 5, 2021)

Arrangements to Enable Directors to Acquire Units and Debentures

Neither at the end of the financial year nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose object was to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures of the Trust.

Directors' Interests in Units or Debentures

The directors of the Trustee-Manager at the end of the financial year had no interests in the unit capital and debentures of the Trust as recorded in the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Act except as follows:

| Name of directors and corporation in which interests are held | Direct interest | | Deemed interest | |
|--|--------------------------------------|-----------------------------|--------------------------------------|-----------------------------|
| | At beginning of financial year | At end of financial year | At beginning of financial year | At end of financial year |
| Interests in Keppel Infrastructure Trust (Units) | | | | |
| Daniel Cuthbert Ee Hock Huat | 131,692 | 181,892 | - | - |
| Thio Shen Yi | 121,097 | 164,397 | - | - |
| Mark Andrew Yeo Kah Chong | 138,263 | 195,563 | - | - |
| Kunnasagaran Chinniah | 682,083 | 733,083 | 471,064 | 471,064 |

The unitholdings of the above directors as at January 21, 2022 were the same as those at December 31, 2021.

Unit Options

(a) Options to take up unissued units

During the financial year, there were no options granted by the Trustee-Manager to any person to take up unissued units in the Trust.

(b) Options exercised

During the financial year, there were no units of the Trust issued by virtue of the exercise of an option to take up unissued units.

(c) Unissued units under options

At the end of the financial year, there were no unissued units of the Trust under options.

Audit and Risk Committee

The members of the Audit and Risk Committee of the Trustee-Manager during the financial year are:

Mark Andrew Yeo Kah Chong (Chairman)
 Koh Ban Heng (Resigned on February 1, 2021)
 Daniel Cuthbert Ee Hock Huat
 Kunnasagaran Chinniah (Appointed on March 5, 2021)

All members of the Audit and Risk Committee are independent and are non-executive directors.

The Audit and Risk Committee carried out its functions in accordance with Regulation 13(6) of the Singapore Business Trusts Regulations 2005 and the SGX Listing Manual.

In performing its functions, the Audit and Risk Committee met with the Trust's external and internal auditors to discuss the scope and results of their audits and the internal auditors' evaluation of the Group's internal accounting control system.

The Audit and Risk Committee also reviewed the following:

- (a) The audit plan and results of the internal auditor's examination and evaluation of the Group's systems of internal accounting controls;
- (b) The Group's financial and operating results and accounting policies;
- (c) The financial statements of the Trust and the consolidated financial statements of the Group before their submission to the directors of the Trustee-Manager and external auditor's report on those financial statements;
- (d) The adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems;
- (e) The half-yearly and annual announcements on the results and financial position of the Trust and the Group;
- (f) The co-operation and assistance given by the Trustee-Manager's officers to the Group's external auditors; and
- (g) The re-appointment of the external auditors of the Group.

The Audit and Risk Committee has full access to and had the co-operation of the Trustee-Manager and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officers of the Trustee-Manager to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the directors of the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the unitholders.

Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors of the Trustee-Manager

Daniel Ee

Daniel Cuthbert Ee Hock Huat
 Chairman

Christina Tan

Christina Tan Hua Mui
 Director

Singapore
 March 4, 2022

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

In accordance with Section 86(3) of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.



Chiang Chang Jopy
Chief Executive Officer

Singapore
March 4, 2022

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL INFRASTRUCTURE TRUST

(Constituted under a Trust Deed in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Keppel Infrastructure Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at December 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in unitholders' funds and consolidated statement of cash flows of the Group and the statement of changes in unitholders' funds of the Trust for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 149.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in unitholders' funds of the Trust are properly drawn up in accordance with the provisions of Singapore Business Trusts Act 2004 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at December 31, 2021 and of the consolidated financial performance, consolidated changes in unitholders' funds and consolidated cash flows of the Group and changes in unitholders' funds of the Trust for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters

Our audit performed and responses thereon

Impairment of Assets - property, plant and equipment, finite-lived intangible assets and goodwill

Under SFRS(I) 1-36 Impairment of Assets, the Group is required to test goodwill for impairment annually and for other assets, where there are indicators of impairment. This assessment requires the exercise of significant judgement in determining the recoverable values of the cash generating units ("CGUs"), including growth rates, discount rates, terminal values and expected changes to selling prices and direct costs.

These assets represent a significant portion of the Group's total assets and their proportion as at December 31, 2021 are as follows:

- Property, plant and equipment (33.3% of Group's total assets);
- Goodwill (18.4% of Group's total assets); and
- Finite-lived intangible assets (1.9% of Group's total assets).

The key assumptions to the impairment tests and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 6 and Note 8 to the financial statements.

Our audit procedures focused on evaluating and challenging the key assumptions used by the Trustee-Manager in concluding the impairment review. These procedures included:

- Using our valuation specialists to review key assumptions used in the impairment analysis, in particular the discount rates and terminal growth rates (where applicable);
- Challenging the cash flow forecasts used, with comparison to recent performance, trend analysis and market expectations;
- By reference to prior years' forecasts, where relevant, assessing whether the Group has achieved them; and
- Performing sensitivity analysis on the key assumptions used.

Based on our procedures, we noted the Trustee-Manager's key assumptions to be within a reasonable range of our expectations.

We have also assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL INFRASTRUCTURE TRUST

(Constituted under a Trust Deed in the Republic of Singapore)

Information Other than the Financial Statements and Auditor's Report Thereon

The Trustee-Manager is responsible for the other information. The other information comprises the Key Figures for 2021, Financial Highlights, Corporate Profile and Strategic Direction, Our Presence, Investor Relations, Chairman's Statement, composition of Board of Directors, The Trustee-Manager, Operations Review, Financial Review, Keppel Infrastructure Trust's Unit Price Performance, Significant Events for year ended 2021, Trust Structure, Corporate Information, Sustainability Report, Trustee-Manager's Statement, Statement by the Chief Executive Officer, Corporate Governance, Risk Management and Financial Calendar, which we obtained prior to the date of this auditor's report, and the Statistic of Unitholdings which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustee-Manager and the Directors of the Trustee-Manager for the Financial Statements

The Trustee-Manager of the Trust is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors of the Trustee-Manager's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee-Manager.
- (d) Conclude on the appropriateness of the Trustee-Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors of the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trust and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Ng Hock Lee.

Deloitte & Touche LLP

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 4, 2022

STATEMENT OF FINANCIAL POSITION

December 31, 2021

| | | Group | | Trust | |
|--|------|------------------|------------------|------------------|------------------|
| | Note | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 6 | 1,498,901 | 2,310,469 | - | - |
| Right-of-use assets | 7 | 103,082 | 112,752 | - | - |
| Intangibles | 8 | 913,093 | 1,015,398 | - | - |
| Investment in subsidiaries | 9 | - | - | 933,815 | 1,398,187 |
| Investment in joint venture | 10 | 206,279 | - | - | - |
| Notes receivables | 11 | - | - | 737,683 | 775,712 |
| Amount receivable from a subsidiary | 12 | - | - | 7,881 | 9,407 |
| Service concession receivables | 13 | 184,609 | 235,185 | - | - |
| Finance lease receivables | 14 | 62,687 | 74,308 | - | - |
| Derivative financial instruments | 18 | 24,327 | 2 | 1,865 | - |
| Other assets | 15 | 117,655 | 133,426 | - | - |
| Total non-current assets | | 3,110,633 | 3,881,540 | 1,681,244 | 2,183,306 |
| Current Assets | | | | | |
| Cash and bank deposits | 16 | 817,103 | 580,721 | 516,955 | 236,627 |
| Trade and other receivables | 17 | 237,125 | 211,811 | 9,322 | 18,620 |
| Service concession receivables | 13 | 50,576 | 49,316 | - | - |
| Finance lease receivables | 14 | 11,346 | 10,867 | - | - |
| Derivative financial instruments | 18 | 2,462 | 254 | - | - |
| Inventories | 19 | 239,667 | 168,971 | - | - |
| Other assets | 15 | 31,871 | 26,055 | 18 | 54 |
| Total current assets | | 1,390,150 | 1,047,995 | 526,295 | 255,301 |
| Current Liabilities | | | | | |
| Borrowings | 20 | 125,990 | 643,933 | 99,985 | - |
| Trade and other payables | 21 | 387,079 | 348,077 | 5,077 | 3,815 |
| Provisions | 22 | 35,847 | 30,533 | - | - |
| Derivative financial instruments | 18 | 2,898 | 37,099 | 991 | 4,587 |
| Lease liabilities | 23 | 12,535 | 12,256 | - | - |
| Income tax payable | | 23,715 | 17,595 | 29 | 62 |
| Total current liabilities | | 588,064 | 1,089,493 | 106,082 | 8,464 |
| Net Current Assets/(Liabilities) | | 802,086 | (41,498) | 420,213 | 246,837 |
| Non-Current Liabilities | | | | | |
| Borrowings | 20 | 1,604,409 | 1,517,090 | 199,508 | 99,883 |
| Notes payable to non-controlling interests | 24 | 260,000 | 260,000 | - | - |
| Derivative financial instruments | 18 | 9,229 | 165,462 | - | 4,885 |
| Other payables | 25 | 188,773 | 250,506 | - | - |
| Provisions | 22 | 16,402 | 39,746 | - | - |
| Lease liabilities | 23 | 70,194 | 76,000 | - | - |
| Defined benefit obligation | 26 | 22,373 | 26,124 | - | - |
| Deferred tax liabilities | 27 | 1,274 | 11,172 | - | - |
| Total non-current liabilities | | 2,172,654 | 2,346,100 | 199,508 | 104,768 |
| Net Assets | | 1,740,065 | 1,493,942 | 1,901,949 | 2,325,375 |
| Represented by: | | | | | |
| Unitholders' Funds | | | | | |
| Units in issue | 28 | 2,629,211 | 2,628,761 | 2,629,211 | 2,628,761 |
| Hedging reserve | 29 | 3,837 | (269,748) | 875 | (9,471) |
| Translation reserve | | (16,122) | (23,680) | - | - |
| Capital reserve | 30 | 38,710 | 38,710 | - | - |
| Defined benefit plan reserve | 26 | (6,018) | (8,508) | - | - |
| Share based payment reserve | 31 | 773 | 254 | - | - |
| Accumulated losses | | (1,538,673) | (1,224,207) | (1,325,759) | (592,881) |
| Total Unitholders' Funds | | 1,111,718 | 1,141,582 | 1,304,327 | 2,026,409 |
| Perpetual securities | 32 | 597,622 | 298,966 | 597,622 | 298,966 |
| Total Equityholders' Funds | | 1,709,340 | 1,440,548 | 1,901,949 | 2,325,375 |
| Non-controlling interests | | 30,725 | 53,394 | - | - |
| | | 1,740,065 | 1,493,942 | 1,901,949 | 2,325,375 |

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial year ended December 31, 2021

| | Note | 2021 \$'000 | 2020 \$'000 |
|---|--------|--------------------|----------------|
| Revenue | 34 | 1,575,019 | 1,499,181 |
| Other income | 35 | 6,199 | 8,174 |
| Other (losses)/gain - net | 36 | (17,803) | (8,182) |
| Expenses | | | |
| Fuel and electricity costs | | (135,641) | (101,294) |
| Gas transportation, freight and storage costs | | (179,500) | (172,703) |
| Raw materials, consumables used and changes in inventories | | (581,215) | (567,675) |
| Depreciation and amortisation | | (159,063) | (161,609) |
| Impairment loss on financial assets | 17, 40 | (1,018) | (1,141) |
| Staff costs | 37 | (165,161) | (142,807) |
| Operation and maintenance costs | | (91,364) | (91,462) |
| Finance costs | 38 | (89,321) | (93,113) |
| Trustee-Manager's fees | 39 | (12,082) | (11,970) |
| Other operating expenses | | (110,178) | (97,022) |
| Total expenses | | (1,524,543) | (1,440,796) |
| Profit before joint venture | | 38,872 | 58,377 |
| Share of results of joint venture | | 885 | - |
| Profit before tax | 40 | 39,757 | 58,377 |
| Income tax expense | 41 | (15,953) | (20,792) |
| Profit for the year from continuing operation | | 23,804 | 37,585 |
| Discontinued operation | | | |
| Loss for the year from discontinued operation | 42 | (161,857) | (89,747) |
| Loss for the year | | (138,053) | (52,162) |
| Other comprehensive income: | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Cash flow hedges: | | | |
| - Fair value gain/(loss) | | 94,787 | (58,379) |
| - Transfer to profit or loss | | 189,413 | 27,894 |
| Currency translation differences relating to consolidation of foreign operations | | (2,071) | 13,910 |
| Currency translation differences reclassified to profit or loss on disposal of foreign subsidiaries | | 9,394 | 8,716 |
| Item that will not be reclassified subsequently to profit or loss: | | | |
| Remeasurement of defined benefit obligation | | 2,490 | (607) |
| Other comprehensive income, net of tax | | 294,013 | (8,466) |
| Total comprehensive income | | 155,960 | (60,628) |
| (Loss)/Profit attributable to: | | | |
| Unitholders of the Trust | | (128,806) | (34,452) |
| Perpetual securities holders | 32 | 21,531 | 14,289 |
| Equityholders of the Trust | | (107,275) | (20,163) |
| Non-controlling interests | | (30,778) | (31,999) |
| | | (138,053) | (52,162) |
| Total comprehensive income attributable to: | | | |
| Unitholders of the Trust | | 154,827 | (42,265) |
| Perpetual securities holders | 32 | 21,531 | 14,289 |
| Equityholders of the Trust | | 176,358 | (27,976) |
| Non-controlling interests | | (20,398) | (32,652) |
| | | 155,960 | (60,628) |
| (Loss)/Earnings per unit attributable to unitholders of the Trust, expressed in cents | | | |
| From continuing and discontinued operations | | | |
| - basic and diluted | 43 | (2.58) | (0.69) |
| From continuing operations | | | |
| - basic and diluted | 43 | 0.66 | 1.11 |

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

Financial year ended December 31, 2021

| Attributable to Unitholders of the Trust | | | | | | | | | | | | |
|---|---------------------------------------|---------------------------------------|--|-------------------------------|--|---|--|------------------------------|------------------------------------|---|-------------------------------------|-----------------|
| Note | Units in issue (Note 28) \$'000 | Treasury units (Note 28) \$'000 | Hedging reserve (Note 29) \$'000 | Translation reserve \$'000 | Capital reserve (Note 30) \$'000 | Defined benefit plan reserve (Note 26) \$'000 | Share-based payment reserve (Note 31) \$'000 | Accumulated losses \$'000 | Total unitholders' funds \$'000 | Perpetual securities (Note 32) \$'000 | Non-controlling interests \$'000 | Total \$'000 |
| Group | | | | | | | | | | | | |
| At January 1, 2021 | 2,628,761 | - | (269,748) | (23,680) | 38,710 | (8,508) | 254 | (1,224,207) | 1,141,582 | 298,966 | 53,394 | 1,493,942 |
| Total comprehensive income | | | | | | | | | | | | |
| (Loss)/Profit for the year | - | - | - | - | - | - | - | (128,806) | (128,806) | 21,531 | (30,778) | (138,053) |
| Other comprehensive income for the year | - | - | 273,585 | 7,558 | - | 2,490 | - | - | 283,633 | - | 10,380 | 294,013 |
| Total | - | - | 273,585 | 7,558 | - | 2,490 | - | (128,806) | 154,827 | 21,531 | (20,398) | 155,960 |
| Transactions with owners, recognised directly in equity | | | | | | | | | | | | |
| Contributions by and distributions to owners: | | | | | | | | | | | | |
| Units issued | 28 | 450 | - | - | - | - | - | - | 450 | - | - | 450 |
| Perpetual securities issued | | - | - | - | - | - | - | - | - | 300,000 | - | 300,000 |
| Issuance cost | 28, 32 | - | - | - | - | - | - | - | - | (2,279) | - | (2,279) |
| Reversal of Issuance cost | | - | - | - | - | - | - | - | - | 122 | - | 122 |
| Recognition of share-based payments | 31 | - | - | - | - | - | 519 | - | 519 | - | - | 519 |
| Distributions paid | 32, 33 | - | - | - | - | - | - | (185,660) | (185,660) | (20,718) | (2,271) | (208,649) |
| Total | 450 | - | - | - | - | - | 519 | (185,660) | (184,691) | 277,125 | (2,271) | 90,163 |
| At December 31, 2021 | 2,629,211 | - | 3,837 | (16,122) | 38,710 | (6,018) | 773 | (1,538,673) | 1,111,718 | 597,622 | 30,725 | 1,740,065 |

| Attributable to Unitholders of the Trust | | | | | | | | | | | | |
|---|---------------------------------------|---------------------------------------|--|-------------------------------|--|---|--|------------------------------|------------------------------------|---|-------------------------------------|-----------------|
| Note | Units in issue (Note 28) \$'000 | Treasury units (Note 28) \$'000 | Hedging reserve (Note 29) \$'000 | Translation reserve \$'000 | Capital reserve (Note 30) \$'000 | Defined benefit plan reserve (Note 26) \$'000 | Share-based payment reserve (Note 31) \$'000 | Accumulated losses \$'000 | Total unitholders' funds \$'000 | Perpetual securities (Note 32) \$'000 | Non-controlling interests \$'000 | Total \$'000 |
| Group | | | | | | | | | | | | |
| At January 1, 2020 | 2,630,307 | - | (239,613) | (46,609) | 38,710 | (7,901) | - | (1,050,488) | 1,324,406 | 298,971 | 90,792 | 1,714,169 |
| Total comprehensive income | | | | | | | | | | | | |
| (Loss)/Profit for the year | - | - | - | - | - | - | - | (34,452) | (34,452) | 14,289 | (31,999) | (52,162) |
| Other comprehensive income for the year | - | - | (30,135) | 22,929 | - | (607) | - | - | (7,813) | - | (653) | (8,466) |
| Total | - | - | (30,135) | 22,929 | - | (607) | - | (34,452) | (42,265) | 14,289 | (32,652) | (60,628) |
| Transactions with owners, recognised directly in equity | | | | | | | | | | | | |
| Contributions by and distributions to owners: | | | | | | | | | | | | |
| Units issued | 28 | 398 | - | - | - | - | - | - | 398 | - | - | 398 |
| Purchase of units | 28 | - | (1,944) | - | - | - | - | - | (1,944) | - | - | (1,944) |
| Cancellation of treasury units | 28 | (1,944) | 1,944 | - | - | - | - | - | - | - | - | - |
| Issuance cost | 28, 32 | - | - | - | - | - | - | - | - | (5) | - | (5) |
| Recognition of share-based payments | 31 | - | - | - | - | - | 254 | - | 254 | - | - | 254 |
| Distributions paid | 32, 33 | - | - | - | - | - | - | (139,267) | (139,267) | (14,289) | (4,746) | (158,302) |
| Total | (1,546) | - | - | - | - | - | 254 | (139,267) | (140,559) | (14,294) | (4,746) | (159,599) |
| At December 31, 2020 | 2,628,761 | - | (269,748) | (23,680) | 38,710 | (8,508) | 254 | (1,224,207) | 1,141,582 | 298,966 | 53,394 | 1,493,942 |

See accompanying notes to financial statements.

| | Note | Units in issue (Note 28) \$'000 | Treasury Units (Note 28) \$'000 | Hedging reserve (Note 29) \$'000 | Accumulated losses \$'000 | Total unitholders' funds \$'000 | Perpetual securities (Note 32) \$'000 | Total \$'000 |
|--|--------|--|--|---|---------------------------------|--|--|------------------|
| Trust | | | | | | | | |
| At January 1, 2021 | | 2,628,761 | - | (9,471) | (592,881) | 2,026,409 | 298,966 | 2,325,375 |
| <u>Total comprehensive income</u> | | | | | | | | |
| (Loss)/Profit for the year | | - | - | - | (547,218) | (547,218) | 21,531 | (525,687) |
| Other comprehensive income for the year | | - | - | 10,346 | - | 10,346 | - | 10,346 |
| Total | | - | - | 10,346 | (547,218) | (536,872) | 21,531 | (515,341) |
| <u>Transactions with owners, recognised directly in equity</u> | | | | | | | | |
| Contributions by and distributions to owners: | | | | | | | | |
| Units issued | 28 | 450 | - | - | - | 450 | - | 450 |
| Perpetual securities issued | 32 | - | - | - | - | - | 300,000 | 300,000 |
| Issuance cost | 28, 32 | - | - | - | - | - | (2,279) | (2,279) |
| Reversal of Issuance cost | | - | - | - | - | - | 122 | 122 |
| Distributions paid | 32, 33 | - | - | - | (185,660) | (185,660) | (20,718) | (206,378) |
| Total | | 450 | - | - | (185,660) | (185,210) | 277,125 | 91,915 |
| At December 31, 2021 | | 2,629,211 | - | 875 | (1,325,759) | 1,304,327 | 597,622 | 1,901,949 |

| | Note | Units in issue (Note 28) \$'000 | Treasury Units (Note 28) \$'000 | Hedging reserve (Note 29) \$'000 | Accumulated losses \$'000 | Total unitholders' funds \$'000 | Perpetual securities (Note 32) \$'000 | Total \$'000 |
|--|--------|--|--|---|---------------------------------|--|--|------------------|
| Trust | | | | | | | | |
| At January 1, 2020 | | 2,630,307 | - | (1,230) | (717,834) | 1,911,243 | 298,971 | 2,210,214 |
| <u>Total comprehensive income</u> | | | | | | | | |
| Profit for the year | | - | - | - | 264,220 | 264,220 | 14,289 | 278,509 |
| Other comprehensive income for the year | | - | - | (8,241) | - | (8,241) | - | (8,241) |
| Total | | - | - | (8,241) | 264,220 | 255,979 | 14,289 | 270,268 |
| <u>Transactions with owners, recognised directly in equity</u> | | | | | | | | |
| Contributions by and distributions to owners: | | | | | | | | |
| Units issued | 28 | 398 | - | - | - | 398 | - | 398 |
| Purchase of units | 28 | - | (1,944) | - | - | (1,944) | - | (1,944) |
| Cancellation of treasury units | 28 | (1,944) | 1,944 | - | - | - | - | - |
| Issuance cost | 28, 32 | - | - | - | - | - | (5) | (5) |
| Distributions paid | 32, 33 | - | - | - | (139,267) | (139,267) | (14,289) | (153,556) |
| Total | | (1,546) | - | - | (139,267) | (140,813) | (14,294) | (155,107) |
| At December 31, 2020 | | 2,628,761 | - | (9,471) | (592,881) | 2,026,409 | 298,966 | 2,325,375 |

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2021

| | Note | 2021 \$'000 | 2020 \$'000 |
|--|-----------|----------------|----------------|
| Operating activities | | | |
| Loss before tax | | (122,100) | (31,370) |
| Adjustments for: | | | |
| Depreciation and amortisation | 6, 7, 8 | 174,690 | 178,145 |
| Finance costs | 38 | 153,000 | 138,037 |
| Interest income | 35 | (1,054) | (2,646) |
| Impairment loss on financial assets | 17 | 1,018 | 1,141 |
| Impairment loss on property, plant and equipment and right-of-use assets | 6, 7 | 8,667 | - |
| Impairment loss on intangible assets | 8 | 3,116 | - |
| Inventories written down | 19 | 1,247 | 46 |
| Receivables written off against revenue | | - | 29,226 |
| Fair value loss on derivative financial instruments | 36 | 169,891 | 8,520 |
| Intangible assets written off | 8 | 766 | - |
| Property, plant and equipment written off | 40 | - | 1,263 |
| Share-based payment expense | | 829 | 160 |
| Transaction cost | 9, 46 | 4,806 | 4,649 |
| Gain on disposal of property, plant and equipment | | - | (21) |
| (Gain)/Loss on disposal of subsidiaries | 9, 36, 42 | (41,339) | 12,972 |
| Share of results of joint venture | | (885) | - |
| Unrealised foreign exchange gain | | (12,709) | (3,983) |
| Management fees paid in units | 28 | 450 | 398 |
| Operating cash flows before movements in working capital | | 340,393 | 336,537 |
| Trade and other receivables | | (7,607) | 26,867 |
| Service concession receivables | | 49,304 | 47,738 |
| Finance lease receivables | | 11,142 | 10,084 |
| Trade and other payables | | 84,745 | 58,956 |
| Inventories | | (54,535) | 12,566 |
| Cash generated from operations | | 423,442 | 492,748 |
| Interest received | | 998 | 2,892 |
| Interest paid | | (148,527) | (143,356) |
| Income tax paid | | (26,603) | (13,354) |
| Net cash from operating activities | | 249,310 | 338,930 |
| Investing activities | | | |
| Acquisition of subsidiary, net of cash acquired | 46 | (36,451) | (23,015) |
| Net cash inflow on disposal of subsidiaries | 9 | - | 15,698 |
| Investment in joint venture | 10 | (201,293) | - |
| Purchase of property, plant and equipment and intangible assets | 6, 8 | (38,642) | (22,395) |
| Proceeds from sale of property, plant and equipment | | 373 | 190 |
| Net cash used in investing activities | | (276,013) | (29,522) |
| Financing activities | | | |
| Decrease in restricted cash | 16 | 17,433 | 18 |
| Proceeds from issuance of perpetual securities (net) | 32 | 297,843 | - |
| Purchase of units | 28 | - | (1,944) |
| Proceeds from borrowings | | 710,256 | 764,162 |
| Repayment of borrowings | | (518,826) | (791,702) |
| Repayment of obligations under finance leases | 7 | (13,595) | (16,089) |
| Payment of loan upfront fees | | (748) | (2,450) |
| Distribution paid to perpetual securities holders | 32 | (20,718) | (14,289) |
| Distributions paid to unitholders of the Trust | 33 | (185,660) | (139,267) |
| Distributions paid by subsidiaries to non-controlling interests | | (2,271) | (4,746) |
| Net cash from/(used in) financing activities | | 283,714 | (206,307) |
| Net increase in cash and cash equivalents | | 257,011 | 103,101 |
| Cash and cash equivalents at beginning of year | | 555,936 | 445,290 |
| Effects of currency translation on cash and cash equivalents | | (3,196) | 7,545 |
| Cash and cash equivalents at end of year | 16 | 809,751 | 555,936 |

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

1. General

Keppel Infrastructure Trust, (the "Trust") is a business trust registered with the Monetary Authority of Singapore and domiciled in Singapore. The Trust was constituted by a trust deed dated January 5, 2007 and is regulated by the Singapore Business Trusts Act 2004.

In 2015, the Trust changed its Trustee-Manager from CitySpring Infrastructure Management Pte. Ltd. to Keppel Infrastructure Fund Management Pte. Ltd. Under the trust deed, Keppel Infrastructure Fund Management Pte. Ltd. (the "Trustee-Manager") will hold the assets (including businesses) acquired in trust for the unitholders as the Trustee-Manager. The registered address and principal place of business of the Trustee-Manager is at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632.

The Trust has been established with the principal objective of investing in infrastructure assets and providing unitholders with regular and predictable distributions and the potential for long-term capital growth. The principal activities of the subsidiaries of the Trust are set out in Note 9.

The Trust was admitted to the Official List of the Main Board of Singapore Exchange Securities Trading Limited on February 12, 2007.

The consolidated financial statements of the Group and statement of financial position and statement of changes in unitholders' funds of the Trust for the financial year ended December 31, 2021 were authorised for issue by the Board of Directors of the Trustee-Manager on March 4, 2022.

2. Summary of Significant Accounting Policies

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 Share-based Payment, leasing transactions that are within the scope of SFRS(I) 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 Inventories or value-in-use in SFRS(I) 1-36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2021, the Group and the Trust adopted all the new and revised SFRS(I)s pronouncements that are relevant to its operations.

The following are the new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s, that are relevant to the Group:

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: Interest Rate Benchmark Reform - Phase 2
- Amendment to SFRS(I) 16 Leases - Covid-19-Related Rent Concessions beyond June 30, 2021

The adoption of the above new or amended SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s has no material effect on the disclosures or on the amounts reported in the condensed interim consolidated financial statements of the Group, except as discussed below.

Impact of the initial application of Interest Rate Benchmark Reform

In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform: Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

ADOPTION OF NEW AND REVISED STANDARDS (continued)

Impact of the initial application of Interest Rate Benchmark Reform (continued)

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform: Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates ('IBOR') to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated comparatives for the prior period and there was no impact on the opening retained earnings as of January 1, 2021.

Both the Phase 1 and Phase 2 amendments are relevant to the Group because it applies hedge accounting to its interest rate benchmark exposures, and in the current period modifications in response to the reform have been made to some (but not all) of the Group's derivative and non-derivative financial instruments that mature post 2021 (the date by which the reform is expected to be implemented).

Details of the derivative and non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the Group to manage the risks relating to the reform and the accounting impact, including the impact on hedge accounting relationships, are included in Note 4b(ii).

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group, all of which extend beyond 2021:

- Cash flow hedges where Singapore Swap Offer Rate ("SOR")-linked derivatives are designated as a cash flow hedge of SOR-linked bank borrowings; and
- Lease liabilities which reference SOR and are subject to the interest rate benchmark reform.

The application of the amendments affects the Group's accounting in the following ways:

- The Group retains the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reform even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Group consider the hedged future cashflows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.
- The Group will not discontinue hedge accounting should the retrospective assessment of hedge effectiveness fall outside the 80-125 per cent range and the hedging relationship is subject to interest rate benchmark reform.

The Group will continue to apply the Phase 1 amendments to SFRS(I) 9 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

As a result of the Phase 2 amendments:

- when the contractual terms of the Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of SFRS(I) 9 are applied to the other changes;
- when a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the group remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows; and
- when changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship and, in the case of a cash flow hedge, the amount accumulated in the cash flow hedge reserve is deemed to be based on Singapore Overnight Rate Average ("SORA").

Note 4b(ii) provides the required disclosures related to these amendments.

Impact of the initial application of COVID-19-Related Rent Concessions beyond June 30, 2021 – Amendment to SFRS(I) 16

In the prior year, the Group early adopted Covid-19-Related Rent Concessions (Amendment to SFRS(I) 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to SFRS(I) 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021.

In March 2021, ASC issued Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to SFRS(I) 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

In the current financial year, the Group has applied the amendment to SFRS(I) 16 in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying SFRS(I) 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2022 and increased lease payments that extend beyond June 30, 2022); and
- There is no substantive change to other terms and conditions of the lease.

Impact on accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient retrospectively to all rent concessions that became eligible for the practical expedient as a result of the March 2021 amendment. The Group has not restated prior period figures, and the difference arising on initial application of the March 2021 amendment has been recognised in the opening balance of retained earnings at January 1, 2021. There is no material impact on the financial statements in the period of initial application.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust (its subsidiaries). Control is achieved when the Trust:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Trust reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Trust has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Trust considers all relevant facts and circumstances in assessing whether or not the Trust's voting rights in an investee are sufficient to give it power, including:

- The size of the Trust's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Trust, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Trust has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Trust obtains control over the subsidiary and ceases when the Trust loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Trust gains control until the date when the Trust ceases to control the subsidiary.

Profit or loss are attributed to the equityholders of the Trust and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Trust and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

BASIS OF CONSOLIDATION (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interest in a subsidiary that do not result in Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to unitholders of the Trust.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the Trust's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 Income Taxes and SFRS(I) 1-19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss under "other income" line item.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other (losses)/gains - net" line item. Fair value is determined in the manner described in Note 4.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other (losses)/gains - net" line item; and
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other (losses)/gains - net" line item.

Service concession arrangements

The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Under the concession arrangements, the Group will operate the plants for agreed original concession periods of between 15 to 25 years and transfer the plants to the grantors at the end of the concession periods. Such a concession arrangements fall within the scope of SFRS(I) INT 12 Service Concession Arrangements and are accounted for as service concession receivables.

The Group recognises a finance receivable arising from a service concession arrangement when it has a right to receive a fixed and determinable amount of payments during the concession period irrespective of the usage of the concession infrastructure. When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the finance receivable (if any), which will be used to reduce the carrying amount of the finance receivable on its statement of financial position, (ii) interest income, which will be recognised as finance income in profit or loss and (iii) revenue from operating and maintaining the infrastructure, which will be recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost, lease receivables, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognised lifetime ECL for trade receivables and lease receivables. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the production and sale of gas, water desalination, water treatment, waste incineration, electricity generation business, manufacture and distribution of chemicals and provision of technical solutions.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amount.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 360 days past due, whichever occurs sooner, excluding trade receivables in dispute. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 16.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Trust's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Trust's own equity instruments.

Perpetual securities

The perpetual securities do not have a maturity date and the Trust is able to, at its full discretion, elect to defer making a distribution subject to the terms and conditions of the perpetual securities. Accordingly, the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 Financial Instruments: Presentation and the whole instrument is presented within equity. Distributions are treated as dividends which will be directly debited from equity. Costs directly attributable to the issuance of the perpetual securities are deducted against the proceeds from the issue.

Units in issue and unit proceeds from issuance of units are recognised as units in issue in equity

Issue expenses are expenses incurred in issuance of units in the Trust. Expenses which are directly attributable to the issuance of units are deducted directly from the net assets attributable to the unitholders. Expenses which are not directly attributable to the issuance of units are recognised in profit or loss.

Distributions to the Trust's unitholders

Distributions to the Trust's unitholders are recorded in equity in the period in which they are approved for payment.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liability is i) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, ii) held for trading, or iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if either:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if either:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other (losses)/gains - net" line item.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at fair value through profit or loss (FVTPL) (continued)

However, for all other financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in Note 4.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not i) contingent consideration of an acquirer in a business combination, ii) held-for-trading, or iii) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other (losses)/gains - net" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 18.

Derivatives are recognised initially at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. The impact of the master netting arrangements on the Group's financial position is disclosed in Note 18. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of this instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of SFRS(I) 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of SFRS(I) 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or FVTPL as appropriate. See above for the Group's policy on classification of financial assets.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 18 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in Note 29.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other (losses)/gains - net' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Trust and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

LEASES

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The Group determines its incremental borrowing rate based on the quotes from reputable banks over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in accordance to the type of asset, tenor and country where the assets are situated.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2 - Impairment of tangible and intangible assets excluding goodwill below.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group has applied the practical expedient which permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification and accordingly has accounted for any changes in lease payments resulting from the COVID-19-related rent concessions applying SFRS(I) 16 as if the change were not a lease modification.

The Group as lessor

A subsidiary of the Group had signed a Water Purchase Agreement ("WPA") with Singapore PUB to supply treated water to PUB from a seawater desalination plant which the subsidiary owns. Another subsidiary of the Group had also entered into a lease agreement for food waste digester. In accordance with SFRS(I) 16 Leases, both agreements are lease arrangements and are classified as finance leases.

The lease asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in "finance lease receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance lease income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the finance lease income.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. For chemical raw materials and finished goods, cost is calculated using the first-in, first-out or weighted average method based on the type of inventory. For other inventories, cost is calculated using weighted average method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment acquired as part of a business combination are recognised initially at their fair values at the date of acquisition and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an item includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Trustee-Manager. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purposes other than to produce inventories.

Freehold land has an unlimited useful life and stand-by equipment and assets under construction are not yet available for use and therefore are not depreciated. Depreciation on other property, plant and equipment is calculated using a straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | |
|--|---|
| Building | 20 to 40 years |
| Easements | 38.67 years |
| Interconnector and related plant and machinery | 3 to 63.67 years |
| Power plant | 25 years |
| Other plant and machinery | 3 to 25 years |
| Computers, vehicles, furniture, fittings and equipment | 1 to 12 years or lease term, whichever is shorter |

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

PROPERTY, PLANT AND EQUIPMENT (continued)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of a property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS EXCLUDING GOODWILL

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Concession arrangements, customer relationship and customer contracts acquired as part of business combination are initially recognised at their fair values at the acquisition date and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses.

These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of:

| | |
|--------------------------------------|---------------------|
| Concession arrangements | 9.26 to 19.42 years |
| Customer contracts and relationships | 2 to 38.69 years |

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's Cash Generating Units ("CGU") to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years, unless a longer period can be justified. For longer periods, a long-term justified growth rate is applied to project future cash flows.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

JOINT VENTURE - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS (I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning liabilities

The provision for decommissioning costs arose on construction of plant and equipment due to contractual obligation. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the costs of that particular asset. The cash flows are discounted at current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provision for reinstatement cost

A provision for reinstatement cost is recognised in relation to properties held under lease. The Group recognises the provision for property leases which contain a specific clause to restore the property to a specific condition and the amount is based on the best estimate made by the Trustee-Manager.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

SHARE-BASED PAYMENT - Management fees due to the Trustee-Manager can be settled either in cash or by the issue of units in the Trust or by a combination of both cash and units at the option of the Trustee-Manager. The fair values of the settlement choices are identical as the number of units to be issued to the Trustee-Manager is based on the cash liability at the settlement date. The Group measures and re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in the profit or loss. If the Group issues equity instruments on settlement rather than paying cash, the liability shall be transferred direct to equity, as the consideration for the equity instruments issued. If the Group pays in cash on settlement rather than issuing equity instruments, payment shall be applied to settle the liability in full.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

REVENUE RECOGNITION - The Group recognises revenue from the following major sources:

- Sale of goods;
- Service income;
- Finance income from service concession arrangements;
- Finance lease income;
- Operation and maintenance income;
- Interest income; and
- Other income.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods

There are two main kinds of goods sold by the Group: gas and chemicals.

Sale of gas

The Group sells town gas, natural gas and gas appliances to residential, commercial and industrial customers in Singapore. Revenue is measured based on the consideration in accordance with the price regulation framework (for town gas) and consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group's town gas business in Singapore is regulated under the Gas License issued by Energy Market Authority ("EMA") of Singapore. The Group sells town gas to residential, commercial and industrial customers. The amount of revenue recognised is based on the gas consumption derived from meter readings and when control of the town gas has transferred to its customer, being when the town gas is delivered to the customer's specific location (delivery). A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to the consideration becomes unconditional, as only the passage of time is required before payment.

The Group sells natural gas to commercial and industrial customers. Revenue is recognised upon completion of the gas filling transaction and when control of the natural gas has transferred to its customer, being when the natural gas is delivered to the customer's specific location (delivery). A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment.

Under the Group's standard contract terms, customers do not have a right of return.

Sale of traded and manufactured chemicals

Revenue from the sale of traded and manufactured chemicals is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction prices needs to be allocated (e.g. warranties, services etc). In determining the transaction price for the sale, the Group considers the effects of variable consideration, the existence of significant financing components, and any other relevant factors.

Service income

The Group provides availability and capacity targets of its power plant to a related party. Such service is recognised as a performance obligation satisfied over-time based on an availability-based tolling fees and a monthly fixed fee indexed to the Singapore Consumer Price Index.

The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Revenue related to construction or upgrade services under a service concession arrangement is recognised over time. Service income is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration is allocated with reference to the relative stand-alone selling prices of the services delivered.

The Group provides the availability of its interconnector asset to a governing agency of the State of Tasmania. Such service is recognised as a performance obligation satisfied over-time based on an availability-based facility fees indexed to the Australian Consumer Price Index.

Finance income from service concession arrangements

The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Under the service concession arrangements, the Group will operate the plants for agreed original concession periods of between 15 and 25 years and transfer the plants to the grantors at the end of the concession period. Revenue related to finance income under a service concession arrangement is recognised over time.

The Group receives finance income from the service concession arrangements which represents the interest income on the service concession receivables arising from the service concession arrangements, and is recognised using the effective interest method.

Finance lease income

Accounting policy for recognising finance lease income is stated separately below.

Operation and maintenance income

The Group provides operation services for its plants against a well identified fixed and variable cost structure according to the agreements entered into with the grantors. The operation services and where applicable, maintenance work, are required to be carried out on the plants in line with the length of the respective service period. Revenue from provision of operation and maintenance service is recognised as a performance obligation satisfied over time, in the period in which the services are provided by the Group.

Revenue from operating and maintaining the infrastructure under a service concession arrangement is recognised over time.

Interest income

Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

Other income

Other income represents the sale of scrap, rental income and insurance compensation. Sale of scrap is recognised upon delivery of the scrap materials and rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight line basis over the term of the relevant lease. Insurance compensation is recognised in profit or loss to the extent of the amount received from the insurer.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

SHORT-TERM AND LONG-TERM EMPLOYEE BENEFITS - A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

DEFINED CONTRIBUTION PLANS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

DEFINED BENEFIT PLANS - For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "staff costs". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the Trust and subsidiaries operate by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Trust are presented in Singapore dollars, which is the functional currency of the Trust and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see above under hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents is stated at cash and bank deposits less restricted cash.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the Trustee-Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, Trustee-Manager has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Details of the loss allowance on aged trade receivables are disclosed in Note 17.

(ii) Impairment of non-financial assets

The Group assesses at each reporting date whether there are any indicators of impairment for all non-financial assets, other than goodwill.

Where such indicators exist, determining whether the carrying values of property, plant and equipment, right-of-use assets and intangibles are impaired requires an estimation of the value-in-use of the asset or the CGU. This requires the Group to estimate the future cash flows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of property, plant and equipment, right-of-use assets and intangibles at the end of the reporting period are disclosed in Notes 6, 7 and 8 respectively.

(iii) Allocation and impairment of goodwill

The Group completed the acquisition of the Crystal Assets on May 18, 2015 (see Note 8), the acquisition of Ixom on February 19, 2019 (see Note 8) and Medora source water management solutions business ("Medora") on January 31, 2020 (see Note 46). Independent valuers were engaged by the Group to identify and measure the fair values of the identifiable assets and liabilities assumed and the goodwill on these acquisitions.

Goodwill arising from the business combinations is allocated, based on the relative fair value approach, to the CGUs that are expected to benefit from that business combination. This requires the Group to estimate the additional future benefit to be derived by the CGUs. Goodwill arising from the acquisition of the Crystal Assets was allocated to City Energy and Basslink of the Distribution & Network business segment. Goodwill arising from the acquisition of Ixom, Medora, ABP and SCR is solely attributable to Ixom Group of the Distribution & Network business segment.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. The recoverable values of the CGUs are determined based on value-in-use calculations. This requires the Group to estimate the future cash flows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of goodwill at the end of the reporting period are disclosed in Note 8.

(iv) Purchase Price Allocation

During the year, the Group completed the acquisition of Philippine Tank Storage International (Holdings) Inc. ("PTSI"), Australian Botanical Products Pty Ltd ("ABP") and SCR Solutions Limited ("SCR"). In the previous year, the Group completed the acquisition of Medora. The purchase price allocation exercise requires a significant amount of management estimation, particularly in relation to the identification of the acquired assets and liabilities and determining their respective fair values. The Group's disclosure of the above is set out in Note 10 and 46.

4. Financial Instruments, Financial Risks and Capital Management

(a) Categories of financial instruments

| | Group | | Trust | |
|--|------------------|------------------|------------------|------------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Financial Assets | | | | |
| Financial assets at amortised cost | 1,291,650 | 1,079,169 | 1,270,052 | 1,039,096 |
| Finance lease receivables | 74,033 | 85,175 | - | - |
| Derivative instruments: | | | | |
| Designated in hedge accounting relationships | 26,445 | 143 | 1,865 | - |
| Not designated in hedge accounting relationships | 344 | 113 | - | - |
| Total | 1,392,472 | 1,164,600 | 1,271,917 | 1,039,096 |
| Financial Liabilities | | | | |
| Financial liabilities at amortised cost | 2,367,504 | 2,747,499 | 304,570 | 103,698 |
| Lease liabilities | 82,729 | 88,256 | - | - |
| Derivative instruments: | | | | |
| Designated in hedge accounting relationships | 12,127 | 202,508 | 991 | 9,472 |
| Not designated in hedge accounting relationships | - | 53 | - | - |
| Total | 2,462,360 | 3,038,316 | 305,561 | 113,170 |

The Group and Trust do not have any financial instruments which are subject to enforceable master netting arrangements or similar netting arrangements, other than those disclosed in the financial statements.

(b) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, including the effects of credit, interest rate, liquidity, and foreign currency exchange rate. Risk management is integral to the whole business of the Group. The Group's overall risk management programme seeks to minimise potential adverse effects of the unpredictability of financial markets on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps, forward currency contracts and commodity swaps to hedge certain financial risk exposures.

The Board of Directors of the Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Trustee-Manager then establishes and implements the detailed financial risk management policies such as authority levels, oversight responsibilities, risk identification, exposure limits and hedging strategies in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(i) Foreign exchange risk management

The Group operates mainly in Singapore, Australia and New Zealand. The Group entities transact predominantly in their respective functional currency except for the Trust and three subsidiaries.

One subsidiary, whose functional currency is the Singapore dollar ("SGD"), is partially exposed to United States dollar ("USD") currency risk. The subsidiary's exposure to USD feedstock purchases for its town gas production is mainly passed through. However, it has USD currency risk in respect of purchases of natural gas for retail and retail sales in USD.

Another subsidiary, whose functional currency is the USD, is exposed to currency risk from receipts denominated in SGD. This subsidiary also holds cash and cash equivalents denominated in SGD for working capital purposes.

A third subsidiary, whose functional currency is the Australian dollar ("AUD"), is exposed to currency risk from specific receipts denominated in USD. This subsidiary also holds cash and cash equivalents denominated in USD for working capital purposes.

The Group reviews these balances periodically to ensure that the net exposure is kept at an acceptable level.

The Group is exposed to currency translation risk on net assets in foreign operations. Currency exposure to the net assets in Australia is managed predominantly by having a significant amount of borrowings denominated in the functional currency.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(i) Foreign exchange risk management (continued)

At the end of the financial year, the carrying amounts of monetary assets and liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

| | Liabilities | | Assets | |
|--------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Group | | | | |
| USD | 23,832 | 28,481 | 15,219 | 11,550 |
| AUD | 57 | 992 | 14,775 | 19,817 |
| JPY | 2 | 12 | 30 | 26 |
| NZD | 17 | 4 | 221 | 182 |
| SGD | 1,087 | 1,196 | 10,503 | 4,726 |
| EUR | 377 | 200 | 271 | 506 |
| Others | 18 | - | 365 | 927 |
| Trust | | | | |
| AUD | - | - | 14,662 | 14,818 |

Sensitivity analysis

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to the Trustee-Manager and represents the Trustee-Manager's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjust their translations at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity, profit or loss will increase (decrease) by:

| | Increase/(Decrease) Profit or loss | |
|--------------|---------------------------------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Group | | |
| USD | (431) | (847) |
| AUD | 736 | 941 |
| JPY | 1 | 1 |
| NZD | 10 | 9 |
| SGD | 471 | 176 |
| EUR | (5) | 15 |
| Others | 17 | 46 |
| Trust | | |
| AUD | 733 | 741 |

A 5% weakening of the foreign currencies above against the respective functional currencies at the reporting date would have the equal impact but opposite effect.

(ii) Interest rate risk management

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Trust have no significant variable interest-bearing assets.

The Group is exposed to Singapore Swap Offer Rate ('SOR') interest rate benchmark within its hedge accounting relationships, which is subject to interest rate benchmark reform ('IBOR'). The exposures arise on derivatives and non-derivative financial assets and liabilities referenced to SOR. As listed in Note 2, the Group has cash flow hedge relationships affected by the interest rate benchmark reform. Hedged items in these hedges include SOR-linked bank borrowings, which was transitioned to SORA. Hedging instruments include SOR-linked interest rate swaps.

The Group is closely monitoring the market and the updates from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the Association of Banks in Singapore (ABS), the Singapore Foreign Exchange Market Committee (SFEMC), and the Steering Committee for SOR Transition to SORA (SC-STs) ('IBOR Committees'). The IBOR Committees have confirmed that the SOR will be discontinued by June 30, 2023 and replaced by SORA.

Progress towards implementation of alternative benchmark interest rates

All newly transacted floating rate financial assets and liabilities are linked to an alternative benchmark rate, such as SORA or if, linked to SOR, include detailed fallback clauses clearly referencing the alternative benchmark rate and the trigger event on which the clause is activated.

The Group has a risk management policy of maintaining an appropriate mix between fixed and floating rate borrowings. However, due to the lack of liquidity in the SORA markets, the Group is temporarily increasing the amount of fixed rate debt it carries by either issuing fixed rate debt or entering into interest rate swap contracts. The Group is planning to transition the majority of its SOR-linked contracts to risk-free rates through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from SOR to SORA at an agreed point in time.

Interest rate benchmark transition for non-derivative financial instruments

The following table summarises the non-derivative financial instruments held by the Group that feature cash flows that have been or will be affected by the interest rate benchmark reform. It does not include the Group's fixed rate financial instruments because cash flows on those instruments are not affected by the interest rate benchmark reform.

| Non-derivative financial instruments prior to transition – Borrowings linked to SOR taken up by: | Maturing in | Notional | Hedge accounting – Amount designated in a cash flow hedge | Transition progress for non- derivative financial instruments |
|---|--------------------|-----------------|--|--|
| Keppel Infrastructure Trust | 2022 | \$100 million | \$100 million | Expected to transition in 2022 |
| SingSpring Trust | 2024 | \$155.5 million | \$18.2 million | Expected to transition in 2022 |
| City Energy Trust | 2026 | \$178 million | \$178 million | Transition to SORA |
| Keppel Merlimau Cogen Pte Ltd | 2027 | \$700 million | \$700 million | Expected to transition in 2022 |

Interest rate benchmark transition for derivatives and hedge relationships

Certain bank borrowings of the Group were hedged in a cash flow hedge using a 1 to 3 months SOR to fixed interest rate swap contract. During the year, the Group entered into an equal but offsetting derivative against the original derivative and a new off-market derivative based on SORA plus fixed spread on the same terms as the original derivative (i.e. the fair value on day one of the new SORA derivative was the same as the original SOR derivative). This change was effected as a direct consequence of the reform and on an economically equivalent basis. The Group updated the hedge documentation to include the new derivatives and amended the designated hedged risk to "variability in the cash flows of the bank borrowings resulting from changes in SORA". The hedge relationship was not discontinued and the accumulated gain in the cash flow hedge reserve is recalculated based on SORA.

The Group will continue to apply the amendments to SFRS(I) 9 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows that the group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced, the basis for the cash flows of the alternative benchmark rate is determined including any fixed spread. This will, in part, be dependent on the introduction of fall back clauses which have yet to be added to the Group's contracts and the negotiation with lenders.

Details of the various derivative financial instruments held by the Group and Trust are disclosed in Note 18. Assuming all other variables are held constant, a 50 basis point change in Singapore or Australia interest rate has the following impact on profit or loss and equity as a result of higher/lower finance cost or fair value changes to derivative financial instruments. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the Trustee-Manager's assessment of the reasonably possible change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(ii) Interest rate risk management (continued)

Sensitivity analysis

| | Decrease of 50 basis points | | Increase of 50 basis points | |
|---|--------------------------------|------------------|--------------------------------|------------------|
| | Increase/(Decrease) | | Increase/(Decrease) | |
| | Profit or loss \$'000 | Equity \$'000 | Profit or loss \$'000 | Equity \$'000 |
| Group | | | | |
| 2021 | | | | |
| Borrowings at floating interest rate | 595 | - | (595) | - |
| Interest rate swaps accounted for under cash flow hedge | - | (6,563) | - | 6,563 |
| 2020 | | | | |
| Borrowings at floating interest rate | 1,122 | - | (1,122) | - |
| Interest rate swaps accounted for under cash flow hedge | - | (57,432) | - | 57,432 |

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages these risks by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty. Therefore, the Group does not expect to incur material credit losses on its financial instruments. The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk framework comprises the following categories:

| Category | Description | Basis for recognising expecting credit losses (ECL) |
|------------|---|--|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts. | Trade receivables and lease receivables: Lifetime ECL - not credit-impaired Other financial assets: 12-month ECL |
| Doubtful | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition. | Lifetime ECL - not credit-impaired |
| In default | Amount is >120 days past due or there is evidence indicating the asset is credit-impaired. | Lifetime ECL - credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery. | Amount is written off |

The table below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

| | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount \$'000 | Loss allowance \$'000 | Net carrying amount \$'000 |
|--|------|---------------------------|-----------------------------|---------------------------------------|-----------------------------|-------------------------------------|
| Group | | | | | | |
| 2021 | | | | | | |
| Trade receivables | 17 | Performing | Lifetime ECL | 206,828 | - | 206,828 |
| Trade receivables | 17 | Doubtful | Lifetime ECL | 18,478 | (2,785) | 15,693 |
| Other receivables | 17 | Performing | 12-month ECL | 14,307 | - | 14,307 |
| Service concession receivables | 13 | Performing | 12-month ECL | 235,185 | - | 235,185 |
| Finance lease receivables | 14 | Performing | Lifetime ECL | 74,033 | - | 74,033 |
| | | | | | (2,785) | |
| 2020 | | | | | | |
| Trade receivables | 17 | Performing | Lifetime ECL | 194,167 | - | 194,167 |
| Trade receivables | 17 | Doubtful | Lifetime ECL | 10,806 | (2,101) | 8,705 |
| Other receivables | 17 | Performing | 12-month ECL | 7,669 | - | 7,669 |
| Service concession receivables | 13 | Performing | 12-month ECL | 284,501 | - | 284,501 |
| Finance lease receivables | 14 | Performing | Lifetime ECL | 85,175 | - | 85,175 |
| | | | | | (2,101) | |
| Trust | | | | | | |
| 2021 | | | | | | |
| Other receivables | 17 | Performing | 12-month ECL | 9,026 | - | 9,026 |
| Notes receivables | 11 | Performing | Lifetime ECL | 775,712 | (38,029) | 737,683 |
| Amount receivable from a subsidiary | 12 | Performing | 12-month ECL | 7,881 | - | 7,881 |
| | | | | | (38,029) | |
| 2020 | | | | | | |
| Other receivables | 17 | Performing | 12-month ECL | 17,350 | - | 17,350 |
| Notes receivables | 11 | Performing | 12-month ECL | 775,712 | - | 775,712 |
| Amount receivable from a subsidiary | 12 | Performing | 12-month ECL | 9,407 | - | 9,407 |
| | | | | | - | |

NOTES TO THE FINANCIAL STATEMENTS

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(iv) Credit risk management (continued)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the customer profile of its trade receivables, based on the operating segments, on an ongoing basis. The credit risk concentration profile of the Group's third-party trade receivables, grossed up for any allowances for losses, at the end of the financial year is as follows:

| | 2021 | | 2020 | |
|---|----------------|------------|----------------|------------|
| | \$'000 | % | \$'000 | % |
| Group | | | | |
| <u>By operating segments</u> | | | | |
| Distribution & Network | | | | |
| - City Energy ¹ (Performing) | 29,359 | 14 | 26,199 | 14 |
| - City Energy ¹ (Doubtful) | 834 | - | 657 | 1 |
| - Basslink ² (Performing) | - | - | 6,760 | 4 |
| - Ixom ³ (Performing) | 136,891 | 65 | 109,657 | 60 |
| - Ixom ³ (Doubtful) | 17,643 | 8 | 10,149 | 6 |
| Waste & Water ⁴ (Performing) | 26,944 | 13 | 28,113 | 15 |
| Others (Performing) | 30 | - | 30 | - |
| | 211,701 | 100 | 181,565 | 100 |
| <u>By geographic distribution</u> | | | | |
| Singapore | 57,167 | 27 | 55,637 | 31 |
| Australia | 104,630 | 49 | 86,039 | 47 |
| New Zealand | 34,175 | 16 | 27,111 | 15 |
| Others | 15,729 | 8 | 12,778 | 7 |
| | 211,701 | 100 | 181,565 | 100 |

¹ There is no significant concentration of credit risk due to the nature and the significant number of its customer base. To mitigate credit risk, deposits or bankers guarantees are obtained from customers upon the opening of a utilities account. Included in the refundable customer deposits disclosed in Note 21, is an amount of \$38,013,000 (2020: \$37,525,000), which can, subject to certain conditions, be used to set off against the corresponding outstanding receivables when the circumstances warrant.

² In 2020, there was a significant concentration of credit risk with the major customer, a wholly-owned entity of the State of Tasmania, which represented 24% of the total trade receivables from the Distribution & Network segment. The high balance in 2020 is because the customer did not pay the full facility fees from September 2016 to August 2017 and had instead given so-called "good faith payments" from December 2016 to July 2017. Since September 2017, the customer had resumed the contractual payment of the full facility fees (and accordingly discontinued the good faith payments). Pursuant to the Basslink arbitration awards as disclosed in prior year, the outstanding receivables relating to the facility fees from September 2016 to August 2017 was fully written off against revenue.

³ The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

⁴ There is a significant concentration of credit risk with their customers, which are agencies of the Government of Singapore, for the duration of the service contract entered into.

Each Group entity monitors the credit risk by ensuring that payments are received by the contractual date.

The credit risk on cash and fixed deposits is limited because the counterparties are banks and financial institutions which are regulated and with high credit ratings.

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade receivables is mitigated because they are secured over deposits collected from customers amounting to \$38,013,000 as at December 31, 2021 (2020 : \$37,525,000), which can be used to offset the impaired receivables when the circumstances warrant.

(v) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to a shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Trust can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

| | Effective interest rate per annum % | Within 1 year \$'000 | Within 2 to 5 years \$'000 | More than 5 years \$'000 | Adjustment \$'000 | Total \$'000 |
|---|--|----------------------------|----------------------------------|--------------------------------|----------------------|------------------|
| Group | | | | | | |
| 2021 | | | | | | |
| Non-interest bearing | - | 371,717 | - | - | - | 371,717 |
| Variable interest rate instruments | 1.37 - 2.88 | 147,915 | 1,119,935 | 354,585 | (116,148) | 1,506,287 |
| Fixed interest rate instruments | 2.90 - 17.50 | 53,831 | 422,173 | 892,847 | (796,622) | 572,229 |
| | | <u>573,463</u> | <u>1,542,108</u> | <u>1,247,432</u> | <u>(912,770)</u> | <u>2,450,233</u> |
| 2020 | | | | | | |
| Non-interest bearing | - | 313,310 | - | - | - | 313,310 |
| Variable interest rate instruments * | 1.18 - 6.92 | 688,253 | 1,148,866 | 443,029 | (108,458) | 2,171,690 |
| Fixed interest rate instruments | 2.90 - 17.50 | 60,466 | 237,545 | 960,221 | (907,477) | 350,755 |
| | | <u>1,062,029</u> | <u>1,386,411</u> | <u>1,403,250</u> | <u>(1,015,935)</u> | <u>2,835,755</u> |
| Trust | | | | | | |
| 2021 | | | | | | |
| Non-interest bearing | - | 5,077 | - | - | - | 5,077 |
| Variable interest rate instruments | 2.62 | 100,437 | - | - | (452) | 99,985 |
| Fixed interest rate instruments | 3.00 | 6,000 | 223,500 | - | (29,992) | 199,508 |
| | | <u>111,514</u> | <u>223,500</u> | <u>-</u> | <u>(30,444)</u> | <u>304,570</u> |
| 2020 | | | | | | |
| Non-interest bearing | - | 3,815 | - | - | - | 3,815 |
| Variable interest rate instruments | 2.62 | 2,620 | 100,437 | - | (3,174) | 99,883 |
| | | <u>6,435</u> | <u>100,437</u> | <u>-</u> | <u>(3,174)</u> | <u>103,698</u> |

* Included under the variable interest rate instruments category is the undiscounted cash flows of Basslink bank borrowings with a carrying amount of \$635,472,000 as at December 31, 2020. The timing of the cash flow payments have been categorised above based on the remaining contractual maturity.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(v) Liquidity risk management (continued)

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Trust anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

| | Effective interest rate per annum % | Within 1 year \$'000 | Within 2 to 5 years \$'000 | More than 5 years \$'000 | Adjustment \$'000 | Total \$'000 |
|---------------------------------------|--|----------------------------|----------------------------------|--------------------------------|----------------------|------------------|
| Group | | | | | | |
| 2021 | | | | | | |
| Non-interest bearing | - | 303,564 | - | - | - | 303,564 |
| Fixed interest rate instruments | 0.13 – 15.32 | 701,895 | 204,809 | 83,055 | (51,485) | 938,274 |
| Variable interest rate instruments | 0.15 – 0.22 | 123,845 | - | - | - | 123,845 |
| | | <u>1,129,304</u> | <u>204,809</u> | <u>83,055</u> | <u>(51,485)</u> | <u>1,365,683</u> |
| 2020 | | | | | | |
| Non-interest bearing | - | 307,754 | - | - | - | 307,754 |
| Fixed interest rate instruments | 0.46 - 15.32 | 475,066 | 260,974 | 100,284 | (64,440) | 771,884 |
| Variable interest rate instruments | 0.22 - 0.78 | 84,706 | - | - | - | 84,706 |
| | | <u>867,526</u> | <u>260,974</u> | <u>100,284</u> | <u>(64,440)</u> | <u>1,164,344</u> |
| Trust | | | | | | |
| 2021 | | | | | | |
| Non-interest bearing | - | 9,026 | - | - | - | 9,026 |
| Fixed interest rate instruments | 0.16 – 17.50 | 585,699 | 522,459 | 1,413,310 | (1,287,818) | 1,233,650 |
| Variable interest rate instruments | 0.16 – 1.02 | 21,047 | 6,486 | - | (157) | 27,376 |
| | | <u>615,772</u> | <u>528,945</u> | <u>1,413,310</u> | <u>(1,287,975)</u> | <u>1,270,052</u> |
| 2020 | | | | | | |
| Non-interest bearing | - | 17,350 | - | - | - | 17,350 |
| Fixed interest rate instruments | 0.70 – 17.50 | 317,414 | 574,683 | 1,488,846 | (1,377,550) | 1,003,393 |
| Variable interest rate instruments | 0.70 – 1.29 | 9,032 | 9,640 | - | (319) | 18,353 |
| | | <u>343,796</u> | <u>584,323</u> | <u>1,488,846</u> | <u>(1,377,869)</u> | <u>1,039,096</u> |

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

| | Within 1 year \$'000 | Within 2 to 5 years \$'000 | More than 5 years \$'000 |
|--------------------------|----------------------------|----------------------------------|--------------------------------|
| Group | | | |
| 2021 | | | |
| Net settled: | | | |
| Interest rate swaps | (556) | 10,797 | 2,436 |
| Foreign currency forward | (224) | 1,865 | - |
| Commodity swaps | 344 | - | - |
| 2020 | | | |
| Net settled: | | | |
| Interest rate swaps | (28,078) | (94,278) | (68,239) |
| Foreign currency forward | (8,825) | (2,945) | - |
| Commodity swaps | 58 | 2 | - |
| Trust | | | |
| 2021 | | | |
| Net settled: | | | |
| Interest rate swaps | (204) | - | - |
| Foreign currency forward | (787) | 1,865 | - |
| 2020 | | | |
| Net settled: | | | |
| Interest rate swaps | - | (1,939) | - |
| Foreign currency forward | (4,587) | (2,946) | - |

The Group and the Trust manage their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's and Trust's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cash flows. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

(vi) Fair value of financial assets and financial liabilities

(i) Assets and liabilities measured at fair value

The Group and Trust's derivative financial instruments as at December 31, 2021 and December 31, 2020, are measured at fair value under Level 2 of the fair value hierarchy. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

NOTES TO THE FINANCIAL STATEMENTS

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(vi) Fair value of financial assets and financial liabilities (continued)

(i) Assets and liabilities measured at fair value (continued)

| Financial assets/ financial liabilities | Fair value as at | | | | Valuation technique(s) and key input(s) |
|--|--------------------------|-------------------------------|--------------------------|-------------------------------|--|
| | 2021 Assets \$'000 | 2021 Liabilities \$'000 | 2020 Assets \$'000 | 2020 Liabilities \$'000 | |
| Group | | | | | |
| Interest rate swaps | 22,462 | (9,785) | - | (190,595) | The Group uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting period. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. |
| Foreign currency forward | 3,983 | (2,342) | 143 | (11,919) | |
| Commodity swap | 344 | - | 113 | (47) | |
| | | | | | |
| Trust | | | | | |
| Interest rate swaps | - | (204) | - | (1,939) | The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting period. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. |
| Foreign currency forward | 1,865 | (787) | - | (7,532) | |

There were no transfer between the different levels of the fair value hierarchy during the financial years ended December 31, 2021 and 2020.

(ii) Fair value of the Group and Trust's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Trustee-Manager considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair values, unless otherwise stated in the respective notes to the financial statements.

(c) Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to support its businesses and maximise unitholders' value.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of distribution payment, return capital to unitholders, issue new units, buy back issued units, issue perpetual securities, obtain new borrowings or sell assets to reduce borrowings. The Group may also issue new units to finance future growth.

The Group seeks to raise non-recourse debt structured specifically to match the cash flow profile of its underlying assets. The Group's general philosophy on leverage is to ensure that its subsidiaries have sufficient financial flexibility to meet their capital expenditure and operational needs, and at the same time, service their debt obligations promptly and reliably.

In addition to bank covenants, debt service coverage ratios and other tests, the Trustee-Manager also monitors capital based on the ratio of the Group's net borrowings to total assets. Net borrowings are calculated as total borrowings less cash and bank deposits excluding notes payable to non-controlling interest. For the Trust, the Trustee-Manager monitors capital based on ratio of the Trust's net borrowings to total assets.

| | Group | | Trust | |
|----------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Net borrowings | 913,296 | 1,580,302 | - | - |
| Total assets | 4,500,783 | 4,929,535 | 2,207,539 | 2,438,607 |
| Ratio | 20% | 32% | 0% | 0% |

There are no externally imposed capital requirements for the financial years ended December 31, 2021 and 2020, other than the loan covenants disclosed in Note 20.

5. Related Party Transactions

Some of the Group's transactions and arrangements are with (a) the Trustee-Manager; and (b) the significant corporate unitholders, Keppel Corporation Limited and Temasek Holdings (Private) Limited, and their associates. The effect of these on the basis determined between the parties is reflected in these financial statements.

The following significant transactions between the Group and its related parties took place at terms agreed between the parties during the year:

| | | Group | |
|---------------------------------|-------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 |
| Sale of goods and services | (i) | 129,039 | 144,000 |
| Purchases of goods and services | (i) | (282,840) | (237,585) |
| Operating lease expense | (ii) | (951) | (950) |
| Interest expense | (i) | (42,875) | (42,992) |
| Interest income | (i) | 849 | 1,792 |
| Professional fees | (i) | (794) | (342) |
| Trustee-Manager's fees | (iii) | (12,082) | (11,970) |

(i) Received/receivable from and/or paid/payable to subsidiaries of the substantial unitholders of the Trust and Trustee-Manager.

(ii) Relates to short-term operating lease arrangements with related parties of the Group for leasing of office premises and galleries.

(iii) The Trust Deed sets out the management fee arrangements between the Trust and the Trustee-Manager in relation to the management of the Trust. The fee structure for these services is disclosed in Note 39.

NOTES TO THE FINANCIAL STATEMENTS

6. Property, Plant and Equipment

| Group | Freehold land \$'000 | Building and leasehold land \$'000 | Easements \$'000 | Inter-connector and related plant and machinery ² \$'000 | Power plant \$'000 | Other plant and machinery ³ \$'000 | Computers, vehicles, furniture, fittings and equipment \$'000 | Stand-by equipment and assets under construction \$'000 | Total \$'000 |
|---|-------------------------|---------------------------------------|---------------------|--|-----------------------|--|--|--|------------------|
| Cost: | | | | | | | | | |
| At January 1, 2020 | 53,941 | 34,157 | 1,531 | 936,193 | 1,624,304 | 380,540 | 10,278 | 32,231 | 3,073,175 |
| Additions | - | - | - | 131 | 728 | 10,515 | 448 | 9,077 | 20,899 |
| Acquisition of subsidiaries (Note 46) | - | - | - | - | - | 1,369 | - | - | 1,369 |
| Written off | - | - | - | (2,774) | - | (18) | (975) | - | (3,767) |
| Disposals | - | (217) | - | (10) | - | (10,270) | (316) | (10) | (10,823) |
| Disposal of subsidiaries (Note 9) | (357) | (1,741) | - | - | - | (696) | - | (116) | (2,910) |
| Currency translation differences | 3,126 | 796 | 100 | 62,266 | - | 17,238 | 128 | 847 | 84,501 |
| Reclassification (Note 7) | - | (4,832) | - | - | - | 12,430 | 18 | (12,983) | (5,367) |
| Adjustment to decommissioning cost ¹ (Note 22) | - | - | - | 6,521 | - | - | - | - | 6,521 |
| At December 31, 2020 | 56,710 | 28,163 | 1,631 | 1,002,327 | 1,625,032 | 411,108 | 9,581 | 29,046 | 3,163,598 |
| Additions | - | 87 | - | - | 1,164 | 6,589 | 19 | 24,800 | 32,659 |
| Acquisition of subsidiaries (Note 46) | - | 608 | - | - | - | 5,376 | - | 62 | 6,046 |
| Written off | - | - | - | - | - | (500) | - | - | (500) |
| Disposals | - | - | - | - | - | (520) | (37) | - | (557) |
| Discontinued operation (Note 42) | (1,449) | - | (1,676) | (1,030,498) | - | - | (3,027) | (2,891) | (1,039,541) |
| Currency translation differences | (610) | (230) | 45 | 29,446 | - | (3,911) | 1,647 | 1,147 | 27,534 |
| Reclassification | - | - | - | 7,187 | - | 6,784 | - | (13,971) | - |
| Adjustment to decommissioning cost ¹ (Note 22) | - | - | - | (8,462) | - | - | - | - | (8,462) |
| At December 31, 2021 | 54,651 | 28,628 | - | - | 1,626,196 | 424,926 | 8,183 | 38,193 | 2,180,777 |
| Accumulated depreciation and impairment: | | | | | | | | | |
| At January 1, 2020 | - | 6,915 | 489 | 257,647 | 318,392 | 125,797 | 9,122 | - | 718,362 |
| Depreciation charge | - | 1,693 | 40 | 15,246 | 75,826 | 36,779 | 549 | - | 130,133 |
| Written off | - | - | - | (1,517) | - | (18) | (969) | - | (2,504) |
| Disposals | - | (184) | - | (4) | - | (10,207) | (259) | - | (10,654) |
| Disposal of subsidiaries (Note 9) | - | (38) | - | - | - | (161) | - | - | (199) |
| Reclassification (Note 7) | - | (833) | - | - | - | - | - | - | (833) |
| Currency translation differences | - | (74) | 34 | 17,672 | - | 1,102 | 90 | - | 18,824 |
| At December 31, 2020 | - | 7,479 | 563 | 289,044 | 394,218 | 153,292 | 8,533 | - | 853,129 |
| Depreciation charge | - | 1,141 | 37 | 14,355 | 75,905 | 38,871 | 558 | - | 130,867 |
| Written off | - | - | - | - | - | (500) | - | - | (500) |
| Impairment loss ⁴ | - | 489 | - | - | - | 5,850 | - | - | 6,339 |
| Disposals | - | - | - | - | - | (170) | (14) | - | (184) |
| Discontinued operation (Note 42) | - | - | (615) | (311,514) | - | - | (1,724) | - | (313,853) |
| Currency translation differences | - | (48) | 15 | 8,115 | - | (2,037) | 33 | - | 6,078 |
| At December 31, 2021 | - | 9,061 | - | - | 470,123 | 195,306 | 7,386 | - | 681,876 |
| Carrying amount: | | | | | | | | | |
| At December 31, 2020 | 56,710 | 20,684 | 1,068 | 713,283 | 1,230,814 | 257,816 | 1,048 | 29,046 | 2,310,469 |
| At December 31, 2021 | 54,651 | 19,567 | - | - | 1,156,073 | 229,620 | 797 | 38,193 | 1,498,901 |

¹ This relates to the movement in the provision for decommissioning costs during the financial year (Note 22).

² Included in this category as at December 31, 2020 is a carrying amount of \$9,352,000 which pertains to plant and machinery related to the interconnector with useful lives ranging from 3 to 40 years.

³ Included in this category is a carrying amount of \$4,321,000 (2020 : \$5,137,000) which pertains to plant and machinery under the gas segment with useful lives ranging from 14 to 25 years.

⁴ During the year, the Group received notice from a significant long-term customer that the customer will be ceasing operations within 12 months and therefore no longer purchasing from the Group. This has resulted in the closure of a plant and subsequently, the recognition of an impairment loss of \$6,339,000.

Certain property, plant and equipment with carrying amount of \$329,093,000 (2020 : \$1,077,388,000) are pledged as security for borrowings (Note 20).

7. Right-Of-Use Assets

The Group leases several leasehold land and buildings, warehouse and retail spaces, plant and equipment, computers, vehicles, furniture, fittings and equipment. The average lease term ranges from 1 to 44 years (2020 : 1 to 45 years).

Certain leases for computers, vehicles, furniture, fittings and equipment, warehouse spaces and an office building expired during the year and were either replaced by new leases for identical underlying assets or extended through exercising the extension options. This resulted in additions to right-of-use assets of \$6,362,000 (2020 : \$6,602,000) in 2021.

| Group | Land, buildings, office, warehouse and retail space \$'000 | Computers, vehicles, furniture, fittings and equipment \$'000 | Total \$'000 |
|---------------------------------------|---|--|-----------------|
| Cost: | | | |
| At January 1, 2020 | 93,049 | 39,335 | 132,384 |
| Acquisition of subsidiaries (Note 46) | 2,732 | - | 2,732 |
| Disposal of subsidiaries (Note 9) | (2,495) | (645) | (3,140) |
| Additions | 3,052 | 3,550 | 6,602 |
| Termination and retirement | (2,395) | (2,230) | (4,625) |
| Reclassification (Note 6) | 5,367 | - | 5,367 |
| Currency translation differences | 3,414 | 1,458 | 4,872 |
| At December 31, 2020 | 102,724 | 41,468 | 144,192 |
| Acquisition of subsidiaries (Note 46) | 2,240 | - | 2,240 |
| Discontinued operation (Note 42) | (480) | - | (480) |
| Additions | 5,298 | 1,064 | 6,362 |
| Termination and retirement | (6,151) | (3,579) | (9,730) |
| Currency translation differences | (900) | (236) | (1,136) |
| At December 31, 2021 | 102,731 | 38,717 | 141,448 |
| Accumulated depreciation: | | | |
| At January 1, 2020 | 10,370 | 6,418 | 16,788 |
| Disposal of subsidiaries (Note 9) | (1,810) | (221) | (2,031) |
| Depreciation charge | 10,495 | 7,385 | 17,880 |
| Termination and retirement | (1,581) | (1,681) | (3,262) |
| Reclassification (Note 6) | 833 | - | 833 |
| Currency translation differences | 660 | 572 | 1,232 |
| At December 31, 2020 | 18,967 | 12,473 | 31,440 |
| Discontinued operation (Note 42) | (177) | - | (177) |
| Depreciation charge | 8,345 | 6,603 | 14,948 |
| Impairment | 2,328 | - | 2,328 |
| Termination and retirement | (6,150) | (3,530) | (9,680) |
| Currency translation differences | (261) | (232) | (493) |
| At December 31, 2021 | 23,052 | 15,314 | 38,366 |
| Carrying amount: | | | |
| At December 31, 2020 | 83,757 | 28,995 | 112,752 |
| At December 31, 2021 | 79,679 | 23,403 | 103,082 |

During the year, the Group received notice from a significant long-term customer that the customer will be ceasing operations within 12 months and therefore no longer purchasing from the Group. This has resulted in the closure of a plant and subsequently, a recognition of an impairment loss of \$2,328,000.

8. Intangibles

| | Group | |
|--------------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Goodwill arising on consolidation | 826,775 | 881,939 |
| Concession arrangements | 16,779 | 20,037 |
| Customer contracts and relationships | 63,498 | 106,996 |
| Software | 6,041 | 6,426 |
| | 86,318 | 133,459 |
| | 913,093 | 1,015,398 |

NOTES TO THE FINANCIAL STATEMENTS

8. Intangibles (continued)

Movements during the year are as follow:

| | Goodwill \$'000 | Concession arrangements \$'000 | Customer contracts and relationships \$'000 | Software \$'000 | Other identifiable intangibles \$'000 | Total \$'000 |
|---|--------------------|--------------------------------------|--|--------------------|--|------------------|
| Cost: | | | | | | |
| At January 1, 2020 | 834,710 | 38,234 | 255,551 | 14,346 | 1,522 | 1,144,363 |
| Acquisition of subsidiaries (Note 46) | 18,189 | - | 5,771 | - | - | 23,960 |
| Additions | - | - | 95 | 1,401 | - | 1,496 |
| Disposals | - | - | - | (21) | - | (21) |
| Adjustment | 1 | - | 1,523 | (3) | (1,522) | (1) |
| Reclassification | - | - | - | 28 | - | 28 |
| Disposal of a subsidiary (Note 9) | - | - | - | (83) | - | (83) |
| Currency translation differences | 29,039 | - | 7,806 | 931 | - | 37,776 |
| At December 31, 2020 | 881,939 | 38,234 | 270,746 | 16,599 | - | 1,207,518 |
| Acquisition of subsidiaries (Note 46) | 4,674 | - | 5,764 | 54 | - | 10,492 |
| Additions | - | - | 1,773 | 4,210 | - | 5,983 |
| Written off | - | - | - | (2,502) | - | (2,502) |
| Discontinued operation (Note 42) | (56,895) | - | (42,298) | - | - | (99,193) |
| Currency translation differences | (2,943) | - | (101) | (278) | - | (3,322) |
| At December 31, 2021 | 826,775 | 38,234 | 235,884 | 18,083 | - | 1,118,976 |
| Accumulated amortisation and impairment: | | | | | | |
| At January 1, 2020 | - | 14,937 | 139,356 | 4,585 | 144 | 159,022 |
| Amortisation | - | 3,260 | 21,708 | 5,164 | - | 30,132 |
| Disposals | - | - | - | (23) | - | (23) |
| Adjustment | - | - | 142 | - | (144) | (2) |
| Disposal of a subsidiary (Note 9) | - | - | - | (21) | - | (21) |
| Currency translation differences | - | - | 2,544 | 468 | - | 3,012 |
| At December 31, 2020 | - | 18,197 | 163,750 | 10,173 | - | 192,120 |
| Amortisation | - | 3,258 | 21,816 | 3,801 | - | 28,875 |
| Written off | - | - | - | (1,736) | - | (1,736) |
| Impairment | - | - | 3,116 | - | - | 3,116 |
| Discontinued operation (Note 42) | - | - | (15,532) | - | - | (15,532) |
| Currency translation differences | - | - | (764) | (196) | - | (960) |
| At December 31, 2021 | - | 21,455 | 172,386 | 12,042 | - | 205,883 |
| Carrying amount: | | | | | | |
| At December 31, 2020 | 881,939 | 20,037 | 106,996 | 6,426 | - | 1,015,398 |
| At December 31, 2021 | 826,775 | 16,779 | 63,498 | 6,041 | - | 913,093 |

(a) Goodwill arising on consolidation

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that are expected to benefit from that business combination. The Group is structured into three business segments, Distribution & Network, Waste & Water and Energy. Based on the relative fair value approach, the goodwill arising from the Crystal Assets Acquisition and Ixom Acquisition was allocated to the Distribution & Network business segment.

In 2015, the Trust acquired the business of collection, purification and distribution of water and waste incineration and electricity generation from Crystal Trust through the acquisition of Ulu Pandan Trust, Keppel Seghers NEWater Development Co Pte Ltd, Senoko Trust, Senoko Waste-To-Energy Pte Ltd, Tuas DBOO Trust and Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd, collectively known as the Crystal Assets.

In 2019, the Trust acquired the Ixom Group, which principal activities include manufacturing, importing and trading of chemicals for agriculture, building and construction, oil and gas, food and beverage, pharmaceutical and personal care, plastics, pulp and paper and water treatment industries.

In 2020, the Trust, through its Ixom sub-group, acquired Medora, which principal activities include the sale of water treatment infrastructure and facilities and related services.

During the year, the Trust, through its Ixom sub-group, acquired Australian Botanical Products Pty Ltd ("ABP") and SCR Solutions Limited ("SCR"), which principal activities include supply of essential oils, carrier oils, raw materials and fragrances, and manufacture and distribute emissions reduction solution, as disclosed in Note 46.

Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

| Group | Carrying amount \$'000 | Terminal growth rate % | Pre-tax discount rate % |
|-------------------------|---------------------------|---------------------------|----------------------------|
| 2021 | | | |
| Distribution & Network: | | | |
| City Energy | 379,497 | 1.8 | 8.0 |
| Ixom | 447,278 | 2.5 | 11.6 |
| 2020 | | | |
| Distribution & Network: | | | |
| City Energy | 379,497 | 1.8 | 8.0 |
| Basslink | 55,342 | N/A | 4.4 |
| Ixom | 447,100 | 2.5 | 10.0 |

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable values of the CGUs are determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates, terminal value and expected changes to selling prices and direct costs and ability to secure adequate banking facilities during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on the industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Trustee-Manager for the next five years for Ixom and for a period of more than five years for City Energy as it is currently the sole producer and retailer of town gas.

Sensitivity analysis

Based on the value-in-use calculations as determined by the Trustee-Manager, an increase or decrease by 1 percentage point to the discount rates used in the assessment will affect the value-in-use as follows:

| | 2021 | | 2020 | |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
| | Increase \$'000 | Decrease \$'000 | Increase \$'000 | Decrease \$'000 |
| Distribution & Network: | | | | |
| City Energy | (101,940) | 141,194 | (87,037) | 120,210 |
| Basslink | - | - | (199,211) | 266,204 |
| Ixom | (147,176) | 193,636 | (147,585) | 193,158 |

Any reasonable possible change to the key assumptions applied, including the discount rates used as detailed above, is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

No impairment was considered necessary for the current and prior years.

(b) Concession arrangements, customer contracts and relationships

The intangible assets recognised on concession arrangements represent the rights to charge users of the public service under the Group's operating concessions. They have remaining amortisation period of 2.67 to 12.84 years (2020 : 3.67 to 13.84 years).

The intangible assets recognised on customer contracts and relationships were in relation to contractual agreements that two of the subsidiaries have with their sole customer, as well as contracts entered into between a subsidiary and its long-time customers. These have remaining amortisation period of 1 to 9 years (2020 : 1 to 25.43 years). During the year, a long-term customer advised they would be ceasing operations and therefore no longer be purchasing from one of the subsidiary (Note 40).

NOTES TO THE FINANCIAL STATEMENTS

9. Investment in Subsidiaries

| | Trust | |
|--------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Investments, at cost | 867,948 | 863,552 |
| Advances to subsidiaries | 646,324 | 1,038,806 |
| Less: Allowance for impairment | (580,457) | (504,171) |
| | 933,815 | 1,398,187 |
| Movement in allowance account: | | |
| Beginning of year | 504,171 | 610,246 |
| Charge / (Credit) for the year | 76,286 | (106,075) |
| End of year | 580,457 | 504,171 |

Advances to subsidiaries are quasi-equity loans which represent an extension of investment in the subsidiaries. They are unsecured and interest-free. Settlements are neither planned nor likely to occur in the foreseeable future.

Details of the Group's significant subsidiaries at the end of financial year are as follows:

| Name of subsidiaries | Principal activities (Country of incorporation or residence) | Proportion of ownership interest and voting power held | |
|--|--|--|-----------|
| | | 2021 % | 2020 % |
| City Energy Pte Ltd ^(1a) (1c) | Trustee of City Energy Trust (Singapore) | 100 | 100 |
| City Energy Trust ^(1a) | Production and retail of town gas, retail of natural gas and sales of gas appliances (Singapore) | 100 | 100 |
| SingSpring Pte Ltd ^(1a) (1c) | Trustee of SingSpring Trust (Singapore) | 100 | 100 |
| SingSpring Trust ^(1a) | Operation of a seawater desalination plant (Singapore) | 70 | 70 |
| CityLink Investments Pte Ltd ^(1a) (1c) | Investment holding (Singapore) | 100 | 100 |
| CitySpring Capital Pte Ltd ^(1a) (1c) | Provision of financial and treasury services (Singapore) | 100 | 100 |
| CityDC Pte. Ltd. ^(1a) (1c) | Investment holding (Singapore) | 100 | 100 |
| Keppel Merlimau Cogen Pte Ltd ^(1a) | Tolling arrangement for a power plant (Singapore) | 51 | 51 |
| Senoko Waste-To-Energy Pte Ltd ^(1a) (1c) | Trustee of Senoko Trust (Singapore) | 100 | 100 |
| Senoko Trust ^(1a) | Collection and treatment of solid waste to generate green energy (Singapore) | 100 | 100 |
| Keppel Seghers NEWater Development Co Pte Ltd ^(1a) (1c) | Trustee of Ulu Pandan Trust (Singapore) | 100 | 100 |
| Ulu Pandan Trust ^(1a) | Collection, purification and distribution of water (Singapore) | 100 | 100 |
| Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd ^(1a) (1c) | Trustee of Tuas DBOO Trust (Singapore) | 100 | 100 |
| Tuas DBOO Trust ^(1a) | Collection and treatment of solid waste to generate green energy (Singapore) | 100 | 100 |
| City-OG Gas Energy Services Pte Ltd ^(1a) (1c) | Retailing of natural gas and related activities (Singapore) | 51 | 51 |
| IX Holdings Pte Ltd ^(1a) (1c) | Investment holding (Singapore) | 100 | 100 |
| City Energy Go Pte Ltd ^(1a) (2) | Sale of electricity to users of electric vehicles at charging stations (Singapore) | 100 | - |
| Bay Terminal Holdings Pte Ltd ^(1c) | Investment holding (Singapore) | 100 | 100 |
| Bay Terminal Infrastructure Pte Ltd ^(1c) | Investment holding (Singapore) | 100 | 100 |
| Nexus Australia Management Pty Ltd ^(1c) | Trustee (Australia) | - | 100 |
| Coral Holdings Australia Pty Ltd ^(1b) | Investment holding (Australia) | - | 100 |
| Premier Finance Trust Australia ^(1b) | Finance trust (Australia) | - | 100 |
| Nexus Investments Australia Pty Ltd ^(1c) | Investment holding (Australia) | - | 100 |
| Basslink Australia GP Pty Ltd ^(1c) | Investment holding (Australia) | - | 100 |

| Name of subsidiaries | Principal activities (Country of incorporation or residence) | Proportion of ownership interest and voting power held | |
|--|--|--|-----------|
| | | 2021 % | 2020 % |
| Basslink Australia LLP ^(1c) | Investment holding (Australia) | - | 100 |
| Basslink Pty Ltd ^(1b) | Operation of subsea electricity interconnector (Australia) | - | 100 |
| Basslink Telecoms Pty Ltd ^(1b) | Operation of telecom business (Australia) | - | 100 |
| Basslink Holdings Pty Ltd ^(1c) | Investment holding (Cayman Islands) | - | 100 |
| IX Infrastructure Pty Ltd ^(1b) | Investment holding (Australia) | 100 | 100 |
| Ixom HoldCo Pty Ltd ^(1b) | Investment holding (Australia) | 100 | 100 |
| Ixom Pty Ltd ^(1b) | Investment holding (Australia) | 100 | 100 |
| Ixom Holdings Pty Ltd ^(1b) | Investment holding (Australia) | 100 | 100 |
| Ixom Operations Pty Ltd ^(1b) | Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Australia) | 100 | 100 |
| Ixom Finance Pty Ltd ^(1b) | Provision of financial and treasury services (Australia) | 100 | 100 |
| Bronson & Jacobs Pty Ltd ^(1b) | Investment holding (Australia) | 100 | 100 |
| Ixom International Holdings Pty Ltd ^(1b) | Investment holding (Australia) | 100 | 100 |
| Australian Botanical Products Pty Ltd ^{(1b)(3)} | Supply of essential oils, carrier oils, raw materials and fragrances (Australia) | 100 | - |
| Sydney Essential Oil Co Pty Ltd ^{(1b)(3)} | Dormant (Australia) | 100 | - |
| Bronson & Jacobs (S.E. Asia) Pte Ltd ^(1c) | Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Singapore) | 100 | 100 |
| PT Bronson & Jacobs Indonesia ^(1c) | Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Indonesia) | 100 | 100 |
| Bronson & Jacobs (Malaysia) Sdn Bhd ^(1c) | Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Malaysia) | 100 | 100 |
| Bronson & Jacobs International Company Ltd ^{(1c) (4)} | Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Thailand) | 49 | 49 |
| Miex UK Limited ^(1c) | Sale of water treatment infrastructure and facilities and related services (UK) | 100 | 100 |
| Ixom Watercare Inc ^(1c) | Sale of water treatment infrastructure and facilities and related services (USA) | 100 | 100 |
| Ixom Finance New Zealand Limited ^(1c) | Provision of financial and treasury services (New Zealand) | 100 | 100 |
| Central Pacific Chemicals Ltd ^(1c) | Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Fiji) | 100 | 100 |
| Ixom Chemicals Trading Agency (Beijing) Co. Ltd ^(1c) | Supply and distribution of water treatment chemicals, industrial and speciality chemicals (China) | 100 | 100 |
| Bay Philippines Holdings Corporation ⁽²⁾ | Investment holding (Philippines) | 100 | - |

* Collectively known as Basslink and has been placed into voluntary administration and was deconsolidated from the Group as at November 12, 2021.

^ Collectively known as Ixom.

(1a) Audited by Deloitte & Touche LLP, Singapore.

(1b) Audited by Deloitte Touche Tohmatsu, Australia for the Group's consolidation purpose.

(1c) Not material for the Group's consolidation purpose.

(2) Incorporated during the financial year.

(3) Acquired during the financial year.

(4) Management has determined the existence of control, based on the right to appoint and remove a majority of board members. The relevant activities are determined based on simple majority votes.

NOTES TO THE FINANCIAL STATEMENTS

9. Investment in Subsidiaries (continued)

Disposal of subsidiaries

In 2020, the Trust, through its Ixom sub-group, completed the divestment of its Latin America and People's Republic of China ("PRC") subsidiaries on October 22, 2020 and December 1, 2020 respectively. The book value of the net assets of the subsidiaries disposed were as follows:

| | \$'000 |
|---|-----------------|
| Property, plant and equipment and right-of-use assets | (3,820) |
| Identifiable intangible assets | (62) |
| Deferred tax assets | (813) |
| Inventories | (19,954) |
| Financial assets | (25,908) |
| Financial liabilities | 12,974 |
| Lease liabilities | 1,198 |
| Provisions | 3,542 |
| Net assets derecognised | (32,843) |
| Consideration received | 28,587 |
| Foreign currency translation reserves realised | (8,716) |
| Loss on disposal | (12,972) |
| Net cash inflow on disposal: | |
| Cash consideration | 28,587 |
| Transaction cost | (3,804) |
| Less: Cash and cash equivalents disposed of | (9,085) |
| | 15,698 |

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

| Name of subsidiaries | Place of incorporation and principal place of business | Proportion of ownership interest and voting rights held by NCI | |
|--|--|--|-----------|
| | | 2021 % | 2020 % |
| SingSpring Trust | Singapore | 30 | 30 |
| Keppel Merlimau Cogen Pte Ltd | Singapore | 49 | 49 |
| Bronson & Jacobs International Company Ltd | Thailand | 51 | 51 |

Summarised financial information of subsidiaries with material NCI

Summarised financial information and consolidation adjustments but before intragroup eliminations are as follows:

SingSpring Trust**Summarised statement of financial position**

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Current assets | 31,201 | 27,379 |
| Current liabilities | (17,134) | (17,178) |
| Net current assets | 14,067 | 10,201 |
| Non-current assets | 77,872 | 93,274 |
| Non-current liabilities | (80,005) | (91,497) |
| Net non-current (liabilities) / assets | (2,133) | 1,777 |
| Net assets | 11,934 | 11,978 |
| Equity attributable to unitholders of the Trust | 8,354 | 8,384 |
| NCI | 3,580 | 3,594 |

Summarised statement of profit or loss and other comprehensive income

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Revenue | 32,030 | 35,115 |
| Profit before tax | 4,199 | 4,776 |
| Income tax expense | (438) | (976) |
| Profit after tax | 3,761 | 3,800 |
| Profit attributable to unitholders of the Trust | 2,633 | 2,660 |
| Profit attributable to NCI | 1,128 | 1,140 |
| Profit after tax | 3,761 | 3,800 |
| Other comprehensive income attributable to unitholders of the Trust | 416 | (111) |
| Other comprehensive income attributable to NCI | 179 | (48) |
| Other comprehensive income for the year | 595 | (159) |
| Total comprehensive income attributable to unitholders of the Trust | 3,049 | 2,549 |
| Total comprehensive income attributable to NCI | 1,307 | 1,092 |
| Total comprehensive income for the year | 4,356 | 3,641 |
| Dividends paid to NCI | 1,320 | 2,486 |
| Other summarised information | | |
| Net cash from operating activities | 14,796 | 16,264 |

Keppel Merlimau Cogen Pte Ltd
Summarised statement of financial position

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Current assets | 149,175 | 127,008 |
| Current liabilities | (113,762) | (92,985) |
| Net current assets | 35,413 | 34,023 |
| Non-current assets | 1,328,266 | 1,388,067 |
| Non-current liabilities | (1,323,756) | (1,333,032) |
| Net non-current assets | 4,510 | 55,035 |
| Net assets | 39,923 | 89,058 |
| Equity attributable to unitholders of the Trust | 22,389 | 47,573 |
| NCI | 17,534 | 41,485 |

NOTES TO THE FINANCIAL STATEMENTS

9. Investment in Subsidiaries (continued)

Summarised financial information of subsidiaries with material NCI (continued)

Keppel Merlimau Cogen Pte Ltd (continued)

Summarised statement of profit or loss and other comprehensive income

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Revenue | 132,272 | 128,761 |
| Loss before tax | (69,965) | (73,859) |
| Income tax credit | 2,394 | 1,565 |
| Loss after tax | (67,571) | (72,294) |
| Loss attributable to unitholders of the Trust | (33,184) | (36,995) |
| Loss attributable to NCI | (34,387) | (35,299) |
| Loss after tax | (67,571) | (72,294) |
| Other comprehensive income attributable to unitholders of the Trust | 10,862 | (315) |
| Other comprehensive income attributable to NCI | 10,436 | (303) |
| Other comprehensive income for the year | 21,298 | (618) |
| Total comprehensive income attributable to unitholders of the Trust | (22,322) | (37,310) |
| Total comprehensive income attributable to NCI | (23,951) | (35,602) |
| Total comprehensive income for the year | (46,273) | (72,912) |
| Other summarised information | | |
| Net cash from operating activities | 40,971 | 28,019 |

Bronson & Jacobs International Company Ltd

Summarised statement of financial position

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Current assets | 11,851 | 12,438 |
| Current liabilities | (1,967) | (3,285) |
| Net current assets | 9,884 | 9,153 |
| Non-current assets | 481 | 519 |
| Net non-current assets | 481 | 519 |
| Net assets | 10,365 | 9,672 |
| Equity attributable to unitholders of the Trust | 5,079 | 4,739 |
| NCI | 5,286 | 4,933 |

Summarised statement of profit or loss and other comprehensive income

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Revenue | 40,125 | 33,165 |
| Profit before tax | 3,568 | 4,441 |
| Income tax expense | (757) | (907) |
| Profit after tax | 2,811 | 3,534 |
| Profit attributable to unitholders of the Trust | 1,377 | 1,732 |
| Profit attributable to NCI | 1,434 | 1,802 |
| Profit after tax | 2,811 | 3,534 |
| Other comprehensive income attributable to unitholders of the Trust | (237) | (526) |
| Other comprehensive income attributable to NCI | (247) | (548) |
| Other comprehensive income for the year | (484) | (1,074) |
| Total comprehensive income attributable to unitholders of the Trust | 1,140 | 1,206 |
| Total comprehensive income attributable to NCI | 1,187 | 1,254 |
| Total comprehensive income for the year | 2,327 | 2,460 |
| Other summarised information | | |
| Net cash (used in) / from operating activities | (669) | 745 |

Impairment testing of investment in subsidiaries

During the year, the Trustee-Manager performed an impairment assessment for the Trust's investments in its subsidiaries.

Allowances for impairment was recognised for the following:

Senoko Trust, Ulu Pandan Trust and Tuas DBOO Trust ("subtrusts") and Keppel Merlimau Cogen Pte Ltd ("KMC")

On May 18, 2015, the Trust acquired the businesses of collection, purification and distribution of water and waste incineration and electricity generation from Crystal Trust through the acquisition of Ulu Pandan Trust, Keppel Seghers NEWater Development Co Pte Ltd, Senoko Trust, Senoko Waste-To-Energy Pte Ltd, Tuas DBOO Trust and Keppel Seghers Tuas Waste-To-Energy Pte Ltd, collectively known as the Crystal Assets, for a total purchase consideration of \$729 million via the issue of 1,326,319,374 new units for acquisition (Crystal Assets Acquisition). The purchase consideration was determined based on (a) the fixed exchange ratio of 2.106 units of the Trust for every unit in Crystal Trust; and (b) the quoted unit price of the Trust as at the completion date.

On June 30, 2015, the Trust acquired a 51% equity stake in KMC which owns the Keppel Merlimau Cogen power plant, a combined cycle gas turbine generation facility at Jurong Island. The total purchase consideration of \$510 million was financed by an equity fund raising, of which \$255 million was paid to the vendor and \$255 million was injected via Qualifying Project Debt Securities ("QPDS") Notes.

The service concessions of the subtrusts (Note 13) and KMC's plant have finite lives and the recoverable amounts of the Trust's investments are expected to decrease in tandem with the remaining service concession periods and plant life, respectively.

During the year, the Trustee-Manager performed an impairment assessment on the costs of investment in the subtrusts and KMC against their recoverable amounts and allowances for impairment of \$13.4 million (2020 : \$41.6 million), \$8.2 million (2020 : \$0.5 million) and \$54.7 million (2020 : reversal of \$12.2 million) were recognised in profit or loss for the investments in Senoko Trust, Tuas DBOO Trust and KMC respectively. In 2020, allowance for impairment of \$5.0 million and reversal of allowance for impairment of \$141.0 million was recognised in profit or loss for the investment in Ulu Pandan Trust and Citylink respectively.

The recoverable amount was determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to tariffs and direct costs during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the subtrusts and KMC. The growth rates of 2.0% (2020 : 2.0%) per annum used are based on the industry growth forecasts. Changes in tariffs and direct costs are based on past practices and current contractual agreements.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Trustee-Manager covering a period of 2.67 to 12.84 years (2020 : 3.67 to 13.84 years) for the subtrusts and 19.5 years (2020 : 20.5 years) for KMC based on the current contractual agreements with the major customers. The discount rates used was 4.2% (2020 : 3.90%) per annum for Tuas DBOO Trust and 4.7% per annum for KMC (2020 : 4.40%), Senoko Trust (2020 : 4.40%) and Ulu Pandan Trust (2020 : 4.40%).

NOTES TO THE FINANCIAL STATEMENTS

9. Investment in Subsidiaries (continued)

Impairment testing of investment in subsidiaries (continued)

Sensitivity analysis

Based on the value-in-use calculations as determined by Trustee-Manager, an increase or decrease by 1 percentage point to the discount rates used in the assessment will affect the value-in-use as follows:

| | 2021 | | 2020 | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Increase \$'000 | Decrease \$'000 | Increase \$'000 | Decrease \$'000 |
| Senoko Trust | (1,685) | 1,732 | (2,927) | 3,029 |
| Ulu Pandan Trust | (890) | 928 | (1,190) | 130 |
| Tuas DBOO Trust | (6,162) | 6,740 | (7,037) | 7,739 |
| Keppel Merlimau Cogen Pte Ltd | (50,112) | 56,566 | (55,980) | 63,592 |

Information about the composition of the Group at the end of the financial year is as follows:

| Principal activity | Place of incorporation and operation | Number of wholly-owned subsidiaries | |
|---|--------------------------------------|-------------------------------------|-----------|
| | | 2021 | 2020 |
| Collection and treatment of solid waste to generate green energy | Singapore | 2 | 2 |
| Collection, purification and distribution of water | Singapore | 1 | 1 |
| Investment holding | Singapore | 5 | 5 |
| Production and retail of town gas, retail of natural gas and sales of gas appliances | Singapore | 1 | 1 |
| Provision of financial and treasury services | Singapore | 1 | 1 |
| Supply and distribution of water treatment chemicals, industrial and speciality chemicals | Singapore | 1 | 1 |
| Sale of electricity to users of electric vehicles at charging stations | Singapore | 1 | - |
| Trustee | Singapore | 5 | 5 |
| Provision of financial and treasury services | Australia | 1 | 1 |
| Investment holding | Australia | 6 | 10 |
| Operation of subsea electricity interconnector | Australia | - | 1 |
| Operation of telecom business | Australia | - | 1 |
| Finance trust | Australia | - | 1 |
| Trustee | Australia | - | 1 |
| Supply of essential oils, carrier oils, raw materials and fragrances | Australia | 1 | - |
| Dormant | Australia | 1 | - |
| Supply and distribution of water treatment chemicals, industrial and speciality chemicals | Australia | 1 | 1 |
| Supply and distribution of water treatment chemicals, industrial and speciality chemicals | China | 1 | 1 |
| Supply and distribution of water treatment chemicals, industrial and speciality chemicals | Indonesia | 1 | 1 |
| Supply and distribution of water treatment chemicals, industrial and speciality chemicals | Malaysia | 1 | 1 |
| Supply and distribution of water treatment chemicals, industrial and speciality chemicals | Fiji | 1 | 1 |
| Investment holding | Philippines | 1 | - |
| Investment holding | Cayman Islands | - | 1 |
| Provision of financial and treasury services | New Zealand | 1 | 1 |
| Sale of water treatment infrastructure and facilities and related services | United Kingdom | 1 | 1 |
| Sale of water treatment infrastructure and facilities and related services | United States of America | 1 | 1 |
| | | 35 | 40 |

10. Investment in Joint Venture

| | 2021 \$'000 | 2020 \$'000 |
|-------------------------------------|----------------|----------------|
| Cost of investment in joint venture | 201,293 | - |
| Share of post-acquisition profit | 885 | - |
| Foreign exchange difference | 4,101 | - |
| | 206,279 | - |

Details of the Group's joint venture at the end of financial year are as follows:

| Name of joint venture | Principal activities (Country of incorporation or residence) | Proportion of ownership interest and voting rights held by the Group | |
|--|--|--|-----------|
| | | 2021 % | 2020 % |
| KM Infrastructure Holdings, Inc. ⁽¹⁾⁽²⁾ | Investment holding (Philippines) | 50 | - |
| Razor Crest Storage Infrastructure Holdings Corporation ⁽¹⁾⁽²⁾ | Investment holding (Philippines) | 50 | - |
| Hyperion Storage Holdings Corporation ⁽¹⁾⁽²⁾ | Investment holding (Philippines) | 50 | - |
| Philippine Tank Storage International (Holdings) Inc. ("PTSI") ⁽¹⁾⁽²⁾ | Investment holding (Philippines) | 50 | - |
| Philippine Coastal Storage & Pipeline Coasta ⁽¹⁾⁽²⁾ | Petroleum products import storage facility (Philippines) | 50 | - |

(1) Audited by SyCip Gorres Velayo & Co.

(2) Acquired during the financial year.

The above joint venture is accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in Note 2.

The summarised financial information in respect of the joint venture's financial statements is set out below.

| | 2021 \$'000 |
|-------------------------|----------------|
| Current assets | 31,515 |
| Non-current assets | 763,045 |
| Total assets | 794,560 |
| Current liabilities | 7,401 |
| Non-current liabilities | 389,217 |
| Total liabilities | 396,618 |

The above amounts of assets and liabilities include the following:

| | 2021 \$'000 |
|---|------------------------|
| Cash and cash equivalents | 24,931 |
| Current financial liabilities (excluding trade and other payables and provisions) | (4,563) |
| Non-current financial liabilities (excluding trade and other payables and provisions) | (330,142) |
| | 2021 \$'000 |
| Revenue | 45,691 |
| Profit before tax | 2,760 |
| Profit for the year, representing total comprehensive income | 1,837 |

NOTES TO THE FINANCIAL STATEMENTS

10. Investment in Joint Venture (continued)

The above profit for the year include the following:

| | 2021 \$'000 |
|---------------------------------------|----------------|
| Depreciation and amortisation expense | (17,741) |
| Interest income | 10 |
| Interest expense | (1,096) |
| Income tax expense | (923) |

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements is as follows:

| | 2021 \$'000 |
|--|----------------|
| Net assets of joint venture | 397,942 |
| Proportion of the Group's ownership | 50% |
| Group's share of net assets | 198,971 |
| Goodwill | - |
| Transaction costs | 7,308 |
| Carrying amount of the Group's interest in joint venture | 206,279 |

11. Notes Receivables

| | Trust | |
|--------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Notes issued by subsidiaries | 775,712 | 775,712 |
| Less: Allowance for impairment | (38,029) | - |
| | 737,683 | 775,712 |

- (a) The notes receivable of \$195,570,000 (2020 : \$195,570,000) from a subsidiary matures in Year 2037 and bears interest payable quarterly in arrears with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for the notes is 13.0% (2020: 13.0%) per annum.
- (b) The notes receivable of \$35,000,000 (2020 : \$35,000,000) from a subsidiary matures in Year 2025 and bears interest payable quarterly in arrears with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for the notes is 6.5% (2020 : 6.5%) per annum.
- (c) The notes receivables of \$120,403,000 (2020 : \$152,398,000), \$91,473,000 (2020 : \$91,473,000) and \$40,237,000 (2020 : \$46,271,000) from subsidiaries mature in Year 2024, 2028 and 2023 respectively. The fixed interest rate for the notes is 6.0% (2020 : 6.0%) per annum, payable semi-annually.
- (d) The notes receivable of \$255,000,000 (2020 : \$255,000,000) from a subsidiary mature in Year 2040, with fixed interest rate of 17.5% (2020 : 17.5%) per annum, payable quarterly.

The above notes are direct, unsecured and subordinated obligations of the subsidiaries, and can be redeemed at par by the subsidiaries prior to their maturity dates.

During the year, the Trustee-Manager performed an impairment assessment on the notes receivable against their recoverable amounts and allowances for impairment of \$38.0 million (2020 : \$Nil) were recognised in profit or loss. Please refer to Note 9 for the key assumptions used for preparation of the value-in-use calculations.

The Trustee-Manager estimates that the carrying value of the notes receivables approximate their fair value as these notes may be redeemed at par prior to their maturity dates on any interest payment date, and taking into consideration its recoverable amount based on value-in-use calculations (Note 9).

12. Amount Receivable from a Subsidiary

Amount receivable from a subsidiary is non-trade related, unsecured, repayable in 2024, and bears interest at margin plus 1-month SOR. The weighted average effective interest rate on the amount receivable approximates 1.02% (2020 : 1.29%) per annum. The Trustee-Manager estimates that the carrying value of the amount receivable from a subsidiary approximate its fair value as the loan amount receivable bears interest at floating rates.

For the purpose of impairment assessment, the amount receivable from a subsidiary is considered to have low credit risk as it is not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amount receivable from a subsidiary since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowances is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the subsidiary, adjusted for the factors that are specific to the subsidiary and general economic conditions of the industry in which the subsidiary operate, in estimating the probability of default of this financial asset occurring within its loss assessment time horizon, as well as the loss upon default.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amount receivable.

13. Service Concession Receivables

| | Group | |
|--------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Service concession receivables | 235,185 | 284,501 |
| Less: Due within 12 months | (50,576) | (49,316) |
| Due after 12 months | 184,609 | 235,185 |

This relates to service concession receivables from the following plants:

(a) Senoko Plant

A 15-year contract commencing on September 1, 2009 to own and operate an incinerator plant with a requirement to carry out the Flue Gas Treatment Upgrade, which has contracted incineration capacity of 2,100 tonnes per day with six incinerator-boiler units and two condensing turbine-generators with a power generation capacity of 2x28MW. On September 26, 2014, the subtrust entered into a supplemental agreement to progressively increase the incineration capacity of the plant by up to 10% and the upgrading work was completed in September 2016, increasing capacity to 2,310 tonnes per day. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(b) Tuas DBOO Plant

A 25-year Design-Build-Own-Operate ("DBOO") contract commencing on October 30, 2009 to design, build, own and operate a waste-to-energy plant, which has contracted incineration capacity of 800 tonnes per day with two incinerator-boiler units and one condensing turbine-generator with a power generation capacity of 22MW. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(c) Ulu Pandan Plant

A 20-year DBOO contract commencing on March 28, 2007 to design, build, own and operate a water treatment plant, which has the capacity to produce 148,000m³ of NEWater daily. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of the output produced.

In arriving at the carrying value of the service concession arrangements as at the end of the reporting period, weighted average interest rates ranging from 2.50% to 4.68% (2020 : 2.50% to 4.68%) per annum were used to discount the future expected cash flows.

Service concession receivable balances are secured over the period of the service concession arrangements. For the purpose of impairment assessment, service concession receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for service concession receivables.

NOTES TO THE FINANCIAL STATEMENTS

14. Finance Lease Receivables

Future minimum finance lease receivables under finance leases together with the present value of the net minimum finance lease receivables are as follows:

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Minimum finance lease receivables: | | |
| Not later than one year | 13,254 | 13,146 |
| Later than one year but not later than five years | 39,358 | 52,840 |
| Later than five years | - | 109 |
| Total minimum lease receivables | 52,612 | 66,095 |
| Less: Future finance income | (4,841) | (7,182) |
| Present value of minimum lease receivables | 47,771 | 58,913 |
| Unguaranteed residual value | 26,262 | 26,262 |
| Net investment in finance lease | 74,033 | 85,175 |
| Less: Present value of finance lease receivables not later than one year | (11,346) | (10,867) |
| Non-current financial lease receivables | 62,687 | 74,308 |

The present value of the finance lease receivables is analysed as follows:

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Not later than one year | 11,346 | 10,867 |
| Later than one year but not later than five years | 36,425 | 47,947 |
| Later than five years | - | 99 |
| Present value of minimum lease receivables | 47,771 | 58,913 |

The finance lease receivables relate to the lease arrangement under a Water Purchase Agreement ("WPA") and lease agreement for a food waste digester.

A subsidiary of the Group had signed a WPA with Singapore PUB to supply treated water to PUB from a seawater desalination plant which the subsidiary owns. On the date of acquisition of the subsidiary, the WPA had a remaining term of approximately 18 years ending on December 15, 2025. The desalination plant is located on a piece of leasehold land with lease period expiring in January 2034.

In 2020, another subsidiary of the Group had entered into a lease agreement for food waste digester with lease period expiring December 31, 2026.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate was 3.91% and 15.32% (2020 : 3.91% and 15.32%) per annum for the WPA and lease agreement for food waste digester respectively.

In accordance with SFRS(I) 16 Leases, the WPA and lease agreement for food waste digester are lease arrangements and are classified as finance leases.

The desalination plant is pledged for certain borrowings (Note 20).

Finance lease receivable balances are secured over the equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee. However, in the event of default, the Group is entitled to sell the asset, and has rights to any proceeds from such a sale up to the total amount receivable from the lessee.

The loss allowance on finance lease receivables at the end of the reporting period is estimated at an amount equal to lifetime expected credit losses (ECL). None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collaterals held over these finance lease receivables, the Group considers that no finance lease receivables is impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

15. Other Assets

| | Group | | Trust | |
|-----------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Deposits | 287 | 430 | - | - |
| Prepayments | 143,806 | 155,855 | 18 | 54 |
| Contract costs | 2,685 | - | - | - |
| Others | 2,748 | 3,196 | - | - |
| | 149,526 | 159,481 | 18 | 54 |
| Less: Current portion | 31,871 | (26,055) | (18) | (54) |
| Non-current portion | 117,655 | 133,426 | - | - |

Included in the prepayments balance is an amount of \$130,208,000 (2020 : \$145,539,000) arising from the prepaid tolling fees in relation to the Capacity Tolling Arrangement ("CTA") with a related party. The prepaid tolling fee is amortised to profit or loss over the CTA period of 15 years.

Included in the contract costs balance are costs to obtain contracts related to one-off and upfront cash incentives paid to customers and piping cost incurred in order to entice customers to sign up contract with the Trust. These costs are the only cost that the Group would not have incurred if the contract had not been obtained. Whilst the Group incurs other costs that are necessary to facilitate a sale, those costs would have been incurred even if the customer decided not to execute the contract and therefore have not been capitalised.

These contract costs are amortised on a straight-line basis over the period of gas supply contract (in general, 2 to 15 years) as this reflects the period over which services is transferred to the customer. In 2021, there was no impairment loss in relation to the costs capitalised.

For the purpose of impairment assessment, other assets, excluding prepayment, are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

16. Cash and Bank Deposits

| | Group | | Trust | |
|---|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Cash and bank deposits | 817,103 | 580,721 | 516,955 | 236,627 |
| Less: Restricted cash | (7,352) | (24,785) | | |
| Cash and cash equivalents in the consolidated statement of cash flows | 809,751 | 555,936 | | |

Included in the restricted cash is the amount of cash and bank deposits to be set aside to meet interest and principal repayments for loans extended to the subsidiaries and also for secured bank guarantees for the Group and Trust.

Short-term deposits are made for an average period of 2 months (2020 : 3 months). The weighted average effective interest rate for the Group and Trust were 0.13% (2020 : 0.46%) and 0.16% (2020 : 0.70%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

17. Trade and Other Receivables

| | Group | | Trust | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Trade receivables: | | | | |
| - Third parties | 198,661 | 164,553 | - | - |
| - Related parties | 13,605 | 23,408 | - | - |
| Unbilled receivables | 13,040 | 17,012 | - | - |
| Less: Allowance for impairment (third parties) | (2,785) | (2,101) | - | - |
| Trade receivables - net | 222,521 | 202,872 | - | - |
| Other receivables | 14,399 | 8,718 | 2,045 | 2,970 |
| Interest receivable | 80 | 25 | 55 | - |
| Amounts due from related parties (non-trade) | 125 | 196 | 60 | 36 |
| Amounts due from subsidiaries (non-trade) | - | - | 7,162 | 15,614 |
| | 237,125 | 211,811 | 9,322 | 18,620 |

Trade receivables

Trade receivables are non-interest bearing and are generally receivable on 30 to 90 (2020 : 30 to 90) days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

No interest is charged on the outstanding trade receivables. Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses ("ECL"). For the purpose of impairment assessment, the trade receivables excluding City Energy Trust's ("CET") and Ixom's receivables, are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

For the trade receivables of CET and Ixom, the ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

- (i) For CET's receivables, the Group has recognised a loss allowance of 100% (2020 : 100%) against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.
- (ii) For Ixom's receivables, as at December 31, 2021, expected credit loss rates vary from 0.0% (2020 : 0.0%) for receivables overdue from 0 day to 4.9% (2020 : 5.9%) for receivables overdue over 90 days.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Other receivables

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Amounts due from related parties and subsidiaries (non-trade)

These amounts are unsecured, interest-free, repayable on demand and expected to be settled in cash.

For purpose of impairment assessment, the amounts due from related parties and subsidiaries are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amounts due from related parties and subsidiaries since initial recognition. Accordingly, for the purpose of impairment assessment for this loan, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, the Trustee-Manager has taken into account the financial position of the related parties and subsidiaries, adjusted for factors that are specific to the related parties and subsidiaries and general economic conditions of the industry in which the related parties and subsidiaries operate, in estimating the probability of default of the amounts due from related parties and subsidiaries as well as the loss upon default. The Trustee-Manager determines the amounts due from related parties and subsidiaries are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance to SFRS(I) 9:

| Group | Lifetime ECL - credit-impaired \$'000 |
|--|---|
| Balance as at January 1, 2020 | 2,903 |
| Acquisition of subsidiaries | 24 |
| Disposal of subsidiaries | (534) |
| Amounts written off as customers' accounts were 360 days past due as at December 31, 2020 | (1,348) |
| Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement | 1,141 |
| Currency translation differences | (85) |
| Balance as at December 31, 2020 | 2,101 |
| Amounts written off as customers' accounts were 360 days past due as at December 31, 2021 | (309) |
| Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement | 1,018 |
| Currency translation differences | (25) |
| Balance as at December 31, 2021 | 2,785 |

NOTES TO THE FINANCIAL STATEMENTS

18. Derivative Financial Instruments

| Group | Average contracted rate | Notional contract amount | Asset \$'000 | Liability \$'000 |
|---|----------------------------|-----------------------------|-----------------|---------------------|
| 2021 | | | | |
| Cash flow hedges: | | | | |
| - Foreign currency forward | * | \$229.2 million | 3,983 | 2,342 |
| - Interest rate swaps | 0.54% - 2.70% | \$1,426.6 million | 22,462 | 9,785 |
| Less: Current portion | | | (2,118) | (2,898) |
| Non-current portion | | | 24,327 | 9,229 |
| Fair value through profit or loss: | | | | |
| - Commodity Swap | USD293/mt - USD378/mt | 2,511 mt | 344 | - |
| Less: Current portion | | | (344) | - |
| Non-current portion | | | - | - |
| 2020 | | | | |
| Cash flow hedges: | | | | |
| - Foreign currency forward | * | \$176.7 million | 143 | 11,913 |
| - Interest rate swaps | 0.54% - 4.85% | \$1,958 million | - | 190,595 |
| | | | 143 | 202,508 |
| Less: Current portion | | | (143) | (37,046) |
| Non-current portion | | | - | 165,462 |
| Fair value through profit or loss: | | | | |
| - Commodity Swap | USD252/mt - USD340/mt | 13,746.30mt | 113 | 53 |
| Less: Current portion | | | (111) | (53) |
| Non-current portion | | | 2 | - |
| * Foreign currency forward contracts are denominated in JPY, USD, EUR and AUD (2020 : USD, GBP, JPY, NZD, EUR and AUD). The notional contract amount represents total notional amounts translated to SGD. | | | | |
| Trust | | | | |
| 2021 | | | | |
| Cash flow hedges: | | | | |
| - Foreign currency forward | A\$0.99/\$\$1 | \$90 million | 1,865 | 787 |
| - Interest rate swap | 1.82% | \$100 million | - | 204 |
| Less: Current portion | | | - | (991) |
| Non-current portion | | | 1,865 | - |
| 2020 | | | | |
| Cash flow hedges: | | | | |
| - Foreign currency forward | A\$0.94/\$\$1 | \$92.5 million | - | 7,533 |
| - Interest rate swap | 1.82% | \$100.0 million | - | 1,939 |
| Less: Current portion | | | - | (4,587) |
| Non-current portion | | | - | 4,885 |

Interest rate swaps

Interest rate swaps including the interest rate swap contract embedded in an operating agreement acquired through a business combination, were entered into to hedge floating interest payments on borrowings. The interest rate swaps entitle the Group and Trust to receive interest at floating rates on notional principal amounts and oblige the Group and Trust to pay interest at fixed rates on the same notional principal amounts. Fair value gains and losses on the effective hedge portion of the interest rate swaps are recognised in the hedging reserve and are transferred to profit or loss when the finance cost on the borrowings is recognised in profit or loss. The fair value gain or loss on the portion not designated for hedging is recognised in profit or loss. The period when the cash flows on cash flow hedges is expected to occur or affect profit or loss is Year 2020 to Year 2031. The Group and Trust have entered into interest rate swaps to manage the Group's exposure to cash flow interest rate risk on its borrowings.

Commodity swaps

This relates to a fuel swap contract entered into by a subsidiary to hedge a fixed price contract offered to a customer. Fair value gains and losses on the fuel hedge derivative liability and derivative asset are recognised in profit or loss.

Foreign currency forward

The Group entered into foreign currency forward contracts to hedge (a) certain highly probable forecasted foreign currency denominated purchases or sales, and (b) its exposure to foreign currency cashflow risk on its foreign currency service contracts. The Group performs a qualitative assessment of effectiveness and it is expected that the value of the foreign currency forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying foreign exchange rates. Fair value gains and losses on the effective hedge portion of the forward contract is recognised in the hedging reserve and are transferred to profit or loss over the contract period.

19. Inventories

| | Group | |
|-----------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Fuel | 13,248 | 9,491 |
| Spare parts and accessories | 39,419 | 40,891 |
| Pipes and fittings | 131 | 111 |
| Chemical finished goods | 170,641 | 101,017 |
| Chemical raw materials | 16,228 | 17,461 |
| | 239,667 | 168,971 |

Inventories written-down recognised as an expense during the year amounted to \$1,247,000 (2020 : \$46,000).

Inventories of \$175,964,000 (2020 : \$110,902,000) are pledged for certain borrowings (Note 20).

20. Borrowings

| | Group | | Trust | |
|--------------------|------------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Current | | | | |
| Bank loans | 125,990 | 643,933 | 99,985 | - |
| Non-current | | | | |
| Bank loans | 1,404,901 | 1,517,090 | - | 99,883 |
| Medium term notes | 199,508 | - | 199,508 | - |
| | 1,604,409 | 1,517,090 | 199,508 | 99,883 |
| Total borrowings | 1,730,399 | 2,161,023 | 299,493 | 99,883 |

The weighted average effective interest rates per annum at the end of the reporting period were as follows:

| | Group | | Trust | |
|------------|-------------|-----------|-------------|-----------|
| | 2021 % | 2020 % | 2021 % | 2020 % |
| Borrowings | 2.50 | 3.40 | 2.67 | 2.62 |

NOTES TO THE FINANCIAL STATEMENTS

20. Borrowings (continued)

- (a) As at December 31, 2020, a subsidiary's bank loan of carrying amount of \$635,472,000 was included in the borrowings which was classified as current. Following the subsidiary being placed into voluntary administration on November 12, 2021 (Note 42), the subsidiary's bank loan of carrying amount of \$635,042,000 was derecognised.
- (b) In 2020, the Group successfully refinanced its term loan of a subsidiary, which was repayable in June 30, 2020, extending the maturity date till June 30, 2027. The term loan is secured by a first ranking charge over its receivable and related rights under the Capacity Tolling Agreement. The carrying amount of the loan at the end of the financial year is \$698,061,000 (2020 : \$697,623,000). Repayment will commence in 2023 and will continue until 2027.
- (c) During the year, the Group successfully refinanced its bank terms loan of a subsidiary, extending the maturity from February 2024 to February 2026. The carrying amount of the loan as at the end of the financial year is \$177,534,000 (2020 : \$177,676,000) and is unsecured.
- (d) The bank loans of \$24,197,000 (2020 : \$32,659,000) obtained by a subsidiary are secured by a first ranking charge over its assets and business undertakings. In addition, the loan is secured by a charge over the units in the subsidiary (inclusive of the units held by the non-controlling interest) and a charge over the shares in the Trustee-Manager of the subsidiary. Repayments commenced in 2007 and will continue until 2024.
- (e) The Trust has a \$200,000,000 term loan and revolving credit facility. The Trust has outstanding unsecured bank loan of \$99,985,000 (2020 : \$99,883,000) as at December 31, 2021. The loan matured in February 2022.

On December 1, 2021, the Trust issued notes (the "Series 003 Notes") with principal amount of \$200,000,000 bearing interest at fixed rate of 3% per annum under the \$2,000,000,000 Multicurrency Debt Issuance Programme. The Series 003 Notes matures on December 1, 2026 and is unsecured. The Trust has outstanding notes of \$199,508,000 as at December 31, 2021.

- (f) A subsidiary obtained an A\$607,400,000 five-year senior, secured loan facility from a group of lenders in February 2019. During the year, the Group successfully increased the facility to A\$732,400,000. The bank loan is secured by a charge over all the assets of all of the entities in the subsidiary group. The outstanding bank loan as at December 31, 2021 was \$531,114,000 (2020 : \$517,710,000).

All borrowings impose certain covenants. These covenants include having to maintain sufficient funds to pay principal, interest and retention of additional amounts. Total assets of the Group with carrying amount of \$1,347,000,000 (2020 : \$2,108,000,000) are pledged for certain borrowings.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | January 1, 2021 \$ '000 | Financing cash flows ⁽¹⁾ \$ '000 | Non-cash changes | | | December 31, 2021 \$ '000 |
|------------|-------------------------------|---|---|--|---|---------------------------------|
| | | | Discontinued operation (Note 42) \$ '000 | Foreign exchange movement \$ '000 | Other changes ⁽²⁾ (Note 38) \$ '000 | |
| Borrowings | 2,161,023 | 190,682 | (635,042) | 10,504 | 3,232 | 1,730,399 |

| | January 1, 2020 \$ '000 | Financing cash flows ⁽¹⁾ \$ '000 | Non-cash changes | | | December 31, 2020 \$ '000 |
|------------|-------------------------------|---|------------------|--|---|---------------------------------|
| | | | | Foreign exchange movement \$ '000 | Other changes ⁽²⁾ (Note 38) \$ '000 | |
| Borrowings | 2,111,653 | (29,990) | | 73,063 | 6,297 | 2,161,023 |

(1) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(2) Other changes include unamortised upfront fee.

21. Trade and Other Payables

| | Group | | Trust | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Trade payables: | | | | |
| - Third parties | 171,185 | 113,346 | - | - |
| - Related parties | 7,119 | 4,304 | - | - |
| Other payables: | | | | |
| - Third parties | 7,362 | 57,116 | 297 | 42 |
| - Trustee-Manager | 2,691 | 3,095 | 2,691 | 3,065 |
| - Subsidiaries | - | - | - | 114 |
| - Related parties | 77,492 | 49,714 | - | - |
| Accruals | 58,862 | 50,665 | 1,579 | 594 |
| Interest payable | 1,563 | 7,315 | 510 | - |
| Customer deposit (Note 25) | - | 1,511 | - | - |
| Advance payments received | 22,792 | 23,486 | - | - |
| Refundable customer deposits | 38,013 | 37,525 | - | - |
| | 387,079 | 348,077 | 5,077 | 3,815 |

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 (2020 : 30 to 60) days' terms.

In 2020, included in the other payables to third parties is an amount of \$37,512,000 relating to the indemnification to the State of Tasmania pursuant to the Basslink arbitration awards.

22. Provisions

| | Group | |
|-------------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Current | | |
| Employee entitlements | 23,815 | 20,062 |
| Provision for reinstatement cost | 7,978 | 590 |
| Others | 4,054 | 9,881 |
| | 35,847 | 30,533 |
| Non-current | | |
| Employee entitlements | 1,571 | 1,176 |
| Provision for decommissioning costs | 4,513 | 27,477 |
| Provision for reinstatement cost | 10,318 | 11,093 |
| | 16,402 | 39,746 |
| Total as at December 31 | 52,249 | 70,279 |

Movements in the provision are as follows:

| | Employee entitlements \$'000 | Decommissioning costs \$'000 | Reinstatement cost \$'000 | Others \$'000 | Total \$'000 |
|---------------------------------------|------------------------------------|------------------------------------|---------------------------------|------------------|-----------------|
| Balance as at January 1, 2020 | 22,559 | 18,958 | 13,313 | 792 | 55,622 |
| Acquisition of subsidiaries (Note 46) | 83 | - | - | - | 83 |
| Disposal of subsidiaries (Note 9) | (1,262) | - | (2,261) | (19) | (3,542) |
| Adjustment (Note 6) | - | 6,521 | - | - | 6,521 |
| Additions | 16,662 | 184 | 124 | 10,132 | 27,102 |
| Unwinding of discounts (Note 38) | - | 532 | 333 | - | 865 |
| Reduction arising from payment | (17,933) | - | (608) | (1,481) | (20,022) |
| Currency translation differences | 1,129 | 1,282 | 782 | 457 | 3,650 |
| Balance as at December 31, 2020 | 21,238 | 27,477 | 11,683 | 9,881 | 70,279 |
| Acquisition of subsidiaries (Note 46) | 1,467 | - | 709 | - | 2,176 |
| Discontinued operation (Note 42) | - | (15,936) | - | (10,125) | (26,061) |
| Adjustment (Note 6) | - | (8,462) | - | - | (8,462) |
| Additions | 20,513 | 192 | 6,336 | 4,305 | 31,346 |
| Unwinding of discounts (Note 38) | - | 646 | 294 | - | 940 |
| Reduction arising from payment | (17,368) | - | (313) | (103) | (17,784) |
| Currency translation differences | (464) | 596 | (413) | 96 | (185) |
| Balance as at December 31, 2021 | 25,386 | 4,513 | 18,296 | 4,054 | 52,249 |

NOTES TO THE FINANCIAL STATEMENTS

22. Provisions (continued)

Employee entitlements

The provision represents annual leave, other short-term employee benefits and long service leave entitlements accrued by employees.

Decommissioning costs

This relates to provision made by two subsidiaries in respect of costs to decommission, restore and rehabilitate (i) the interconnector sites, and (ii) the land where the combined cycle gas turbine generation facility operates, at the end of the operating life of the assets, based on the net present value of estimated future costs, expected to be required to settle the obligation.

Change in discount rate in provision for decommissioning costs

At the end of the reporting period, the Group conducted a review on the decommissioning costs and adjusted the discount rates used in determining the fair value of the provision to reflect the current best estimate.

Reinstatement cost

A provision for reinstatement cost is recognised in relation to properties held under lease. The Group recognises the provision for property leases which contain a specific clause to restore the property to a specific condition and the amount is based on the best estimate made by management.

23. Lease Liabilities

| | Group | |
|-------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Maturity analysis: | | |
| Year 1 | 15,414 | 15,919 |
| Year 2 | 8,674 | 10,953 |
| Year 3 | 8,670 | 10,120 |
| Year 4 | 8,460 | 10,118 |
| Year 5 | 8,455 | 9,910 |
| Year 6 onwards | 68,971 | 71,227 |
| | 118,644 | 128,247 |
| Less: Unearned interest | (35,915) | (39,991) |
| | 82,729 | 88,256 |
| Analysed as: | | |
| Current | 12,535 | 12,256 |
| Non-current | 70,194 | 76,000 |

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance and treasury function.

The above represents leases for certain buildings, leasehold land, office premises and pipe rack of the Group. The weighted average incremental borrowing rate was 3.48% (2020 : 3.58%) per annum.

The Group's lease does not contain variable lease payments and accordingly no expense relating to variable lease payments is included in the measurement of lease liabilities.

Certain leases of the Group contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. These extension options are exercisable by the Group and not by the lessor.

24. Notes Payable to Non-Controlling Interests

This relates to notes denominated in Singapore Dollars issued by subsidiaries to their non-controlling interests.

- The notes of \$15,000,000 mature in Year 2025 and bear interest payable quarterly in arrears at a fixed rate of 6.5% per annum with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum.
- The notes of \$245,000,000 mature in Year 2040, with a fixed rate of 17.5% per annum, payable quarterly.

The notes are direct, unsecured, subordinated obligations of the subsidiaries and can be redeemed at par by the subsidiaries prior to their maturity date.

The Trustee-Manager estimates that the carrying value of the notes payable to non-controlling interests approximate their fair value as these notes may be redeemed at par prior to its maturity date on any interest payment date.

25. Other Payables (Non-Current)

| | Group | |
|----------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Long term customer deposit | - | 43,096 |
| Advance payments received | 100,805 | 116,401 |
| Other payables | 87,968 | 91,009 |
| Total | 188,773 | 250,506 |

Long term customer deposit

In 2020, long term customer deposit represented the A\$50 million deposit equivalent to \$49 million placed by a customer which had been recognised as a liability. The deposit received was interest-free and was repayable in 12 quarterly payments commencing in 2028. As at November 12, 2021, the long term customer deposit was derecognised as result of the voluntary administration of the Basslink group (Note 42).

Advance payments received

This relates to amounts that have been received but services have not yet been rendered.

26. Defined Benefit Obligation

The Group participates in defined benefit post-employment plans that provide benefits to qualifying employees of its subsidiaries upon retirement in Australia and New Zealand. Plan funding is carried out in accordance with the requirements of trust deeds and the advice of actuaries.

The plan in Australia and New Zealand typically exposes the Group to actuarial risks such as investment risk, interest rate risk and salary risk.

| | |
|-----------------|---|
| Investment risk | Strong investment returns tending to improve the balance sheet position, whilst poor or negative investment return tending to weaken the position. |
| Interest risk | The defined benefit obligation calculated uses a discount rate based on bond yields. If bond yields fall, the defined benefit obligation will tend to increase. |
| Longevity risk | The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | Higher than expected increases in salary will increase the defined benefit obligation. |

The information within these financial statements has been prepared by the local plan's external actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuations were as follows. The sensitivity analyses have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

| | Assumptions on Defined Benefit Obligation | | Change of assumptions | Impact \$'000 |
|-------------------------|---|-------------|-----------------------|---------------|
| | Assumptions used | | | |
| | Australia | New Zealand | | |
| Discount rate | 2.90% | 1.70% | +1.00% | (9,753) |
| | | | -1.00% | 12,130 |
| Expected rate of salary | 2.50% | 2.50% | +1.00% | 778 |
| | | | -1.00% | (729) |
| Mortality | Aust Life | NZ Life | +1 year older | 1,459 |
| | Table 15-17 | Table 17/19 | -1 year younger | (1,216) |
| | -3 yrs | -1 yr | | |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

26. Defined Benefit Obligation (continued)

The amounts recognised on the statement of financial position in respect of the Group's defined benefit retirement benefit plans are determined as follows:

| | Group | |
|--|-----------------|-----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Present value of the funded defined benefit obligation | (85,319) | (81,295) |
| Present value of the unfunded defined benefit obligation | (653) | (1,512) |
| Present value of the defined benefit obligation | (85,972) | (82,807) |
| Fair value of defined benefit plan assets | 63,599 | 56,683 |
| Deficit | (22,373) | (26,124) |
| Net liability recognised in the statement of financial position | (22,373) | (26,124) |

The amounts recognised in the profit or loss in respect of these defined benefit plans are as follows:

| | Group | |
|--------------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Service cost | | |
| Current service cost | 1,310 | 1,212 |
| Net interest expense | 609 | 551 |
| Total included in staff costs | 1,919 | 1,763 |

The charge for the year is included in the staff costs in profit or loss.

Amounts included in other comprehensive income are as follows:

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Actuarial (losses)/gains on defined benefit obligations: | | |
| Due to changes in demographic assumptions | (2,408) | (3,320) |
| Due to changes in financial assumptions | 3,786 | 726 |
| Due to experience adjustments | (5,610) | 2,623 |
| Total | (4,232) | 29 |
| Return on plan assets greater than discount rate | 7,705 | (888) |
| Re-measurement effects recognised in Other Comprehensive Income | 3,473 | (859) |

Changes in the present value of the defined benefit obligation are as follows:

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Balance at the beginning of the year | 82,807 | 80,178 |
| Current service cost | 1,310 | 1,212 |
| Interest cost | 1,980 | 1,865 |
| Contribution by plan participant | 290 | 298 |
| Actuarial (gains)/losses | 4,232 | (29) |
| Benefits paid | (3,419) | (5,538) |
| Administration expenses paid (including premiums) | (86) | (115) |
| Foreign exchange difference | (1,142) | 4,936 |
| Balance at the end of the year | 85,972 | 82,807 |

Changes in the fair value of plan assets are as follows:

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Balance at the beginning of the year | 56,683 | 56,592 |
| Interest income on plan assets | 1,372 | 1,314 |
| Return of plan assets greater/(lesser) than discount rate | 7,705 | (888) |
| Contribution by employer | 2,083 | 1,597 |
| Contribution by plan participants | 290 | 298 |
| Benefits paid | (3,419) | (5,538) |
| Administration expenses paid | (86) | (115) |
| Foreign exchange difference | (1,029) | 3,423 |
| Balance at the end of the year | 63,599 | 56,683 |

The fair value of the plan assets at the end of the financial year is analysed as follows:

| | Group | |
|-----------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Quoted in active markets: | | |
| Equities | 31,418 | 25,507 |
| Debt securities | 13,928 | 12,527 |
| Property | 1,145 | 1,644 |
| Other quoted securities | 4,960 | 5,385 |
| Other: | | |
| Cash and cash equivalents | 5,152 | 5,612 |
| Unquoted in active markets: | | |
| Property | 6,996 | 6,008 |
| | 63,599 | 56,683 |

The fair values of the above equity and debt securities are determined based on quoted market prices in active markets whereas the fair values of property and other unquoted securities are not based on quoted market prices in active markets.

The fair value of plan assets does not include any amounts relating to the Group's own financial instruments, property occupied by, or other assets used by, the Group.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Group's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk-free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases (back-service liabilities) are paid immediately to the fund. Apart from paying the costs of the entitlements, the Group's subsidiaries are not liable to pay additional contributions in case the fund does not hold sufficient assets. In that case, the fund would take other measures to restore its solvency, such as a reduction of the entitlements of the plan members.

During the year, the Group made employer contributions of \$2.1 million (2020 : \$1.6 million) to the defined benefit plans. The Group's external actuaries have forecast total employer contributions of \$1.9 million (2020 : \$1.8 million) and benefit payments of \$7.1 million (2020 : \$6.6 million) for the defined benefit plans for the forthcoming financial year.

Australia

The Ixom Defined Benefit Sub-Fund is a Sub-Fund of the Flexible Benefits Super Fund and provides defined benefits to a number of members, where the benefits are defined by final average salary and period of membership. The Fund is a final average salary defined benefit fund, with accumulation underpin guarantees for pre-1992 joiners. Benefits can be taken as a lump sum or lifetime pension (or a combination). The Sub-Fund is currently closed to new members and has a total of 28 active Defined Benefit members and 21 lifetime pensioners at year end.

New Zealand

Under a special purpose deed made between Ixom Operations Pty Ltd and Orica New Zealand Limited, separate notional assets are maintained within the Orica New Zealand Plan for members of the Plan who were employed by Ixom when Orica disposed of it, as at February 27, 2015. The objective is for the notional assets to broadly match the value of the accrued liabilities using the funding assumptions. The Sub-Fund is currently closed to new members and has a total of 14 active Defined Benefit members and nil lifetime pensioners at period end.

NOTES TO THE FINANCIAL STATEMENTS

27. Deferred Tax Liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred taxes relate to the same fiscal authority.

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Movement in deferred tax account is as follows: | | |
| Beginning of the year | 11,172 | 18,542 |
| Acquisition of subsidiaries (Note 46) | (703) | (1,601) |
| Disposal of subsidiaries (Note 9) | - | 813 |
| (Credited)/Charged to: | | |
| - Profit or loss (Note 41) | (16,686) | (6,772) |
| - Equity (Note 41) | 6,137 | (1,169) |
| Currency translation differences | 1,354 | 1,359 |
| End of the year | 1,274 | 11,172 |

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows:

Deferred tax liabilities

| | Accelerated tax depreciation \$'000 | Fair value of intangible assets \$'000 | Others \$'000 | Total \$'000 |
|----------------------------------|--|---|------------------|-----------------|
| At January 1, 2020 | 21,856 | 35,448 | 17,770 | 75,074 |
| Currency translation differences | 1,651 | 510 | 1,411 | 3,572 |
| Charged/(Credited) to: | | | | |
| - Profit or loss | 6,074 | (1,480) | (9,762) | (5,168) |
| - Equity | - | - | (258) | (258) |
| At December 31, 2020 | 29,581 | 34,478 | 9,161 | 73,220 |
| Currency translation differences | 803 | 225 | 213 | 1,241 |
| Discontinued operation (Note 42) | (29,638) | (8,312) | (1,575) | (39,525) |
| Charged/(Credited) to: | | | | |
| - Profit or loss | 338 | (10,018) | (2,262) | (11,942) |
| - Equity | - | - | 988 | 988 |
| At December 31, 2021 | 1,084 | 16,373 | 6,525 | 23,982 |

Deferred tax assets

| | Allowance against assets \$'000 | Derivative financial instruments \$'000 | Recognised unutilised tax losses \$'000 | Others \$'000 | Total \$'000 |
|---------------------------------------|--|--|--|------------------|-----------------|
| At January 1, 2020 | (17,376) | (1,183) | (40,726) | 2,753 | (56,532) |
| Currency translation differences | (504) | - | (1,182) | (527) | (2,213) |
| Acquisition of subsidiaries (Note 46) | - | - | - | (1,601) | (1,601) |
| Disposal of subsidiaries (Note 9) | - | - | 813 | - | 813 |
| (Credited)/Charged to: | | | | | |
| - Profit or loss | (47) | - | (4,420) | 2,863 | (1,604) |
| - Equity | - | (911) | - | - | (911) |
| At December 31, 2020 | (17,927) | (2,094) | (45,515) | 3,488 | (62,048) |
| Currency translation differences | (366) | - | (232) | 711 | 113 |
| Acquisition of subsidiaries (Note 46) | - | - | - | (703) | (703) |
| Discontinued operation (Note 42) | - | - | 30,508 | 9,017 | 39,525 |
| (Credited)/Charged to: | | | | | |
| - Profit or loss | (2,596) | - | (1,445) | (703) | (4,744) |
| - Equity | - | 5,149 | - | - | 5,149 |
| At December 31, 2021 | (20,889) | 3,055 | (16,684) | 11,810 | (22,708) |

Net deferred tax liabilities

| | |
|-------------------|--------|
| December 31, 2020 | 11,172 |
| December 31, 2021 | 1,274 |

Unrecognised tax losses

In 2020, the Group has unrecognised tax losses of approximately \$372,901,000 to set off against future taxable income, for which no deferred tax is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to meeting certain statutory requirements by those subsidiaries with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry dates.

Tax consequences of proposed distributions

There are no income tax consequences attached to the distributions to the unitholders declared by the Trust after the financial year end but not recognised as a liability in the financial statements for both 2021 and 2020 (Note 33).

28. Units in Issue

| | Group and Trust | | | |
|---|-----------------|---------------|----------------|----------------|
| | 2021 Units | 2020 Units | 2021 \$'000 | 2020 \$'000 |
| Beginning of year | 4,990,437,786 | 4,994,391,069 | 2,628,761 | 2,630,307 |
| Units issued to the Trustee-Manager ¹ | 825,566 | 796,717 | 450 | 398 |
| Purchase and subsequent cancellation of treasury units ² | - | (4,750,000) | - | (1,944) |
| End of year | 4,991,263,352 | 4,990,437,786 | 2,629,211 | 2,628,761 |

¹ These units were issued to the Trustee-Manager as part of the payment for management and performance fees.

² In prior year, pursuant to the Unit buy-back mandate given to the Trustee-Manager, 4,750,000 units were purchased at unit price ranging from \$0.40 to \$0.42 from the open market and subsequently cancelled. There was no such purchase during the current year.

- a) Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:
 - (i) Receive income and other distributions attributable to the units held;
 - (ii) Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and
 - (iii) Receive audited accounts and the annual reports of the Trust.
- b) The restrictions of a Unitholder include the following:
 - (i) A Unitholder has no right to request the Trustee-Manager to transfer to him any asset of the Trust; and
 - (ii) A Unitholder cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:
 - the Trust ceasing to comply with applicable laws and regulations; or
 - the exercise of any discretion expressly conferred to the Trustee-Manager by the Trust Deed.
- c) A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event the liabilities of the Trust exceeded its assets.

NOTES TO THE FINANCIAL STATEMENTS

29. Hedging Reserve

Hedging reserve records the portion of the fair value changes on derivatives that are designated as hedging instruments in cash flow hedges that are determined to be effective.

| | Group | | Trust | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Beginning of the year | (269,748) | (239,613) | (9,471) | (1,230) |
| Fair value gain/(loss): | | | | |
| Fair value gain/(loss) | 99,374 | (60,309) | 10,346 | (8,241) |
| Tax on fair value gain/(loss) | (4,587) | 1,930 | - | - |
| | 94,787 | (58,379) | 10,346 | (8,241) |
| Transfer to profit or loss: | | | | |
| Finance cost (Note 38) | 25,752 | 28,418 | - | - |
| Tax on transfers | (527) | (524) | - | - |
| Hedge ineffectiveness | 164,188 | - | - | - |
| | 189,413 | 27,894 | - | - |
| Non-controlling interests (net of tax) | (10,615) | 350 | - | - |
| | 3,837 | (269,748) | 875 | (9,471) |

30. Capital Reserve

In prior years, the Group's subsidiary, City Energy Trust, disposed 49% of its equity interest in City-OG Gas Energy Services Pte Ltd ("City-OG Gas") to Osaka Gas Co., Ltd ("Osaka Gas") for a consideration of \$39.2 million. The Group retained control in the remaining 51% equity interest in City-OG Gas. With the disposal of the equity interest in City-OG Gas, the Group recorded a capital reserve of \$38.7 million.

31. Share Based Payment Reserve

The Group has the following share option schemes for some of its employees based in Australia:

Restricted equity plan

Under the restricted equity plan ("REP"), Ixom Group, at its discretion, offers share options in Ix Infrastructure Pty Ltd ("Ix Infra") to certain key management personnel and eligible employees of the Ixom Group. The share options vest on a change in ownership or control of Ix Infra, or sale of substantially all of the Ixom Group's assets, and providing the participant remaining in the Ixom Group's employ at vesting. The fair value of share options granted is estimated at the date of grant using a binomial pricing model, taking into account the terms and conditions on which the share options were granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The contractual term of the share options is five years and there are no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

Long-term incentive plan

Under the long-term incentive plan ("LTI"), Ixom Group may offer share options in Ix Infra to key management personnel and eligible employees of the Ixom Group. The exercise price of the share options is equal to or greater than the fair market value of the underlying shares on the date of grant. The share options vest if and when the fair market value of an ordinary share (market condition), at the end of a performance period, exceeds \$1.42 and the participant remains employed on such date. The share options granted may also vest on a change in ownership or control of the Company, or sale of substantially all of the Ixom Group's assets, prior to September 30, 2023.

The fair value of share options granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions on which the share options were granted. The model simulates the share price taking into account historical and expected dividends, and estimated share price volatility of the Ixom Group, so as to predict the share performance.

The share options may be exercised after vesting until expiry, providing it is after the first anniversary of the date of grant of the option. The contractual term of each option granted is five years. There are no cash settlement alternatives, and Ixom Group does not have a past practice of cash settlement for these share options. The Ixom Group accounts for the LTI as an equity-settled plan.

There has been no alteration to the terms and conditions of the above share-based payment arrangements since grant date.

The REP and LTI are administered by the board of IX Infrastructure Pty Ltd ("Ix Infra") whose directors are:

Chiang Chang Jopy
Marc Liu
Kevin Neo
Erle Spratt

Fair value of share options grants during the year

| | 2021 | | 2020 | |
|--|-----------|---------|------------|---------|
| | REP | LTI | REP | LTI |
| Inputs into the model | | | | |
| Weighted average fair values at the measurement date | A\$0.06 | A\$0.02 | A\$0.04 | A\$0.01 |
| Exercise price | A\$0.96 | A\$1.05 | A\$0.91 | A\$1.01 |
| Expected volatility (%) | 30.0% | 30.0% | 30.0% | 30.0% |
| Expected life of options | 2.9 years | 5 years | 4.25 years | 5 years |
| Expected dividend yield (%) | Nil | 9.4% | Nil | 9.9% |
| Risk-free interest rate (%) | 0.25% | 0.51% | 0.35% | 0.43% |

Movements in share option grants during the year:

| | REP | | LTI | |
|--|----------------|---------------------------------|----------------|---------------------------------|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| Balance at January 1, 2020 | - | - | - | - |
| Granted during the year | 44,077,900 | A\$0.91 | 33,976,900 | A\$1.01 |
| Balance at December 31, 2020 and January 1, 2021 | 44,077,900 | A\$0.91 | 33,976,900 | A\$1.01 |
| Granted during the year | 2,863,500 | A\$0.96 | 8,707,300 | A\$1.05 |
| Forfeited during the year | (18,660,700) | A\$0.91 | (14,461,400) | A\$1.01 |
| Balance at December 31, 2021 | 28,280,700 | A\$0.92 | 28,222,800 | A\$1.02 |
| Exercisable at December 31, 2021 | - | - | - | - |
| Exercisable at December 31, 2020 | - | - | - | - |

The options were granted on September 30, 2021 and August 19, 2020.

The options outstanding at the end of the financial year have a weighted average remaining contractual life of 6.75 years.

Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market condition attached to the option), and behavioural considerations.

As at December 31, 2021, there are 10 (2020 : 10) senior management of Ixom who received 5% or more of the total numbers of shares options under the REP and LTI. Out of the total outstanding share options of 56.5 million (2020 : 78.1 million) as at December 31, 2021, the total number of shares options under the REP and LTI received by these senior management are 52.3 million (2020 : 70.4 million). No directors or employees of the Trustee-Manager, KIT and its subsidiaries (excluding Ixom), received options under the REP and LTI.

32. Perpetual Securities

On June 12, 2019, the Trust issued subordinated perpetual securities (the "Series 001 Tranche 001 Securities") with principal amount of \$200,000,000 bearing distributions at a rate of 4.75% per annum under the \$1,000,000,000 Multicurrency Debt Issuance Programme, which was subsequently upsized to \$2,000,000,000 on May 4, 2021 ("Programme").

On June 25, 2019, the Trust issued subordinated perpetual securities (the "Series 001 Tranche 002 Securities") with principal amount of \$100,000,000 bearing distributions at a rate of 4.75% per annum (to be consolidated and forming a single series with the existing \$200,000,000 subordinated perpetual securities issued on June 12, 2019, under the Programme).

A total of \$298,190,000, net of issuance costs of \$1,810,000, was recognised in equity in relation to the two tranches of the Series 001 Securities. The rate of 4.75% per annum is subject to reset every ten years and a one-time step-up from and including the first reset date, being June 12, 2029.

On June 9, 2021, the Trust issued subordinated perpetual securities (the "Series 002 Securities") with principal amount of \$300,000,000 bearing distributions at a rate of 4.30% per annum under the Programme. A total of \$297,843,000, net of issuance costs of \$2,157,000, was recognised in equity. The rate of 4.30% per annum is subject to reset every ten years and a one-time step-up from and including the first reset date, being June 9, 2031.

The perpetual securities do not have a maturity date and bear distributions which are payable semi-annually. Subject to the terms and conditions of the perpetual securities, the Trust may, at its full discretion, elect to defer making distributions, which is cumulative, on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred. Accordingly, the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 Financial Instruments: Presentation. The whole instrument is presented within equity, and distributions are treated as dividends.

These perpetual securities were issued for the Trust's general corporate purposes as well as investing activities.

Details of the distributions to the perpetual securities holders are as follows:

| | 2021 \$'000 | 2020 \$'000 |
|--|----------------|----------------|
| Profit for the year attributable to the perpetual securities holders | 21,531 | 14,289 |
| Distributions paid during the year | (20,718) | (14,289) |
| Amount unpaid as at December 31 | 813 | - |

NOTES TO THE FINANCIAL STATEMENTS

33. Distributions Paid to the Unitholders of the Trust

Tax exempt distributions paid during the financial year are as follows:

| | Group and Trust | |
|--|-----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| For the period from October 1, 2019 to December 31, 2019 | | |
| - 0.93 cents per unit | - | 46,448 |
| For the period from January 1, 2020 to March 31, 2020 | | |
| - 0.93 cents per unit | - | 46,408 |
| For the period from April 1, 2020 to June 30, 2020 | | |
| - 0.93 cents per unit | - | 46,411 |
| For the period from July 1, 2020 to December 31, 2020 | | |
| - 1.86 cents per unit | 92,822 | - |
| For the period from January 1, 2021 to June 30, 2021 | | |
| - 1.86 cents per unit | 92,838 | - |
| | 185,660 | 139,267 |
| The following distributions have been declared after the financial year end but not recognised as a liability | | |
| Distribution of 1.86 cents per unit for the period from July 1, 2020 to December 31, 2020 | - | 92,822 |
| Distribution of 1.92 cents per unit for the period from July 1, 2021 to December 31, 2021 | 95,832 | - |

34. Revenue

| | Group | | | |
|---|----------------------------------|-------------------------|------------------|------------------|
| | Distribution & Network \$'000 | Waste & Water \$'000 | Energy \$'000 | Total \$'000 |
| 2021 | | | | |
| Segment Revenue | | | | |
| Continuing operations: | | | | |
| Sale of goods | 1,304,855 | - | - | 1,304,855 |
| Service income | 23,195 | 10,095 | 106,952 | 140,242 |
| Finance income from service concession arrangements | - | 9,645 | - | 9,645 |
| Finance lease income | - | 1,545 | - | 1,545 |
| Operation and maintenance income | 22,765 | 70,647 | 25,320 | 118,732 |
| | 1,350,815 | 91,932 | 132,272 | 1,575,019 |
| Discontinued operations: | | | | |
| Service income | 57,408 | - | - | 57,408 |
| | 1,408,223 | 91,932 | 132,272 | 1,632,427 |
| 2020 | | | | |
| Segment Revenue | | | | |
| Continuing operations: | | | | |
| Sale of goods | 1,239,643 | - | - | 1,239,643 |
| Service income | 18,536 | 10,433 | 103,543 | 132,512 |
| Finance income from service concession arrangements | - | 10,966 | - | 10,966 |
| Finance lease income | - | 2,560 | - | 2,560 |
| Operation and maintenance income | 16,361 | 71,921 | 25,218 | 113,500 |
| | 1,274,540 | 95,880 | 128,761 | 1,499,181 |
| Discontinued operations: | | | | |
| Service income | 52,720 | - | - | 52,720 |
| | 1,327,260 | 95,880 | 128,761 | 1,551,901 |

| | Group | | | |
|---|----------------------------------|-------------------------|------------------|------------------|
| | Distribution & Network \$'000 | Waste & Water \$'000 | Energy \$'000 | Total \$'000 |
| 2021 | | | | |
| Timing of revenue recognition | | | | |
| At a point in time: | | | | |
| Sale of goods | 1,304,855 | - | - | 1,304,855 |
| Over time: | | | | |
| Service income | 80,603 | 10,095 | 106,952 | 197,650 |
| Finance income from service concession arrangements | - | 9,645 | - | 9,645 |
| Finance lease income | - | 1,545 | - | 1,545 |
| Operation and maintenance income | 22,765 | 70,647 | 25,320 | 118,732 |
| | 1,408,223 | 91,932 | 132,272 | 1,632,427 |
| 2020 | | | | |
| Timing of revenue recognition | | | | |
| At a point in time: | | | | |
| Sale of goods | 1,239,643 | - | - | 1,239,643 |
| Over time: | | | | |
| Service income | 71,256 | 10,433 | 103,543 | 185,232 |
| Finance income from service concession arrangements | - | 10,966 | - | 10,966 |
| Finance lease income | - | 2,560 | - | 2,560 |
| Operation and maintenance income | 16,361 | 71,921 | 25,218 | 113,500 |
| | 1,327,260 | 95,880 | 128,761 | 1,551,901 |

There are no performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

35. Other Income

| | Group | |
|----------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Continuing operations: | | |
| Interest income | 1,054 | 2,454 |
| Other miscellaneous income | 5,145 | 5,720 |
| | 6,199 | 8,174 |
| Discontinued operations: | | |
| Interest income | 19 | 192 |
| Other miscellaneous income | 30,589 | 2,110 |
| | 36,807 | 10,476 |

36. Other (Losses)/Gains – Net

| | Group | |
|---|------------------|-----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Continuing operations: | | |
| Fair value gain on derivative financial instruments | 284 | 487 |
| Exchange differences | (1,840) | 4,306 |
| Loss on disposal of subsidiaries | (107) | (12,972) |
| Impairment loss on Ixom's assets | (14,142) | - |
| Provision due to loss of long-term customer of Ixom | (7,508) | - |
| Others | 5,510 | (3) |
| | (17,803) | (8,182) |
| Discontinued operations: | | |
| Fair value loss on derivative financial instruments | (170,175) | (9,007) |
| Exchange differences | 56 | 24 |
| Others | (635) | 13 |
| | (188,557) | (17,152) |

NOTES TO THE FINANCIAL STATEMENTS

37. Staff Costs

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Continuing operations: | | |
| Salaries and wages | 144,669 | 130,164 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | 7,476 | 3,884 |
| Defined benefit plans (Note 26) | 1,919 | 1,763 |
| Other short-term benefits | 11,097 | 6,996 |
| | 165,161 | 142,807 |
| Discontinued operations: | | |
| Salaries and wages | 3,469 | 3,616 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | 312 | 304 |
| Other short-term benefits | 364 | 254 |
| | 169,306 | 146,981 |

Salaries and wages is net of approximately \$696,000 (2020 : \$3,210,000) received in relation to the Jobs Support Scheme, announced as part of the Singapore Government's Budget Statement for Financial Year 2021 to address the impact of the COVID-19 pandemic.

38. Finance Costs

| | Group | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Continuing operations: | | |
| Interest expense: | | |
| - Bank borrowings | 28,922 | 33,487 |
| - Notes payable to non-controlling interests | 43,850 | 43,970 |
| Unwinding of discounts: | | |
| - Provision for decommissioning costs and reinstatement cost (Note 22) | 294 | 333 |
| Cash flow hedges, transfer from hedging reserve (Note 29) | 6,959 | 5,931 |
| Debt amortisation (Note 20) | 3,232 | 2,894 |
| Others | 6,064 | 6,498 |
| | 89,321 | 93,113 |
| Discontinued operations: | | |
| Interest expense: | | |
| - Bank borrowings | 16,289 | 16,909 |
| Unwinding of discounts: | | |
| - Provision for decommissioning costs and reinstatement cost (Note 22) | 646 | 532 |
| - Interest-free customer deposits | 20,849 | 1,578 |
| Cash flow hedges, transfer from hedging reserve (Note 29) | 18,793 | 22,487 |
| Debt amortisation (Note 20) | - | 3,403 |
| Others | 7,102 | 15 |
| | 153,000 | 138,037 |

39. Trustee-Manager's Fees

| | Group | |
|-----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Base fee | 2,284 | 2,289 |
| Performance fee | 9,469 | 9,583 |
| Acquisition fee | 329 | - |
| Divestment fee | - | 98 |
| | 12,082 | 11,970 |

The Trustee-Manager's fees comprise:

- 1) A Base fee of \$2.0 million per annum subject to increase each year by such percentage increase (if any) in the average of the monthly Singapore CPI for the 12 calendar months immediately preceding the beginning of each financial year over the average of the monthly Singapore CPI for 2010.
- 2) Performance fee is charged at 4.5% per annum on all the cash inflows received by the Trust from subsidiaries, associates, sub-trusts and its investments (including but not limited to dividends, distributions, interest earned, revenues earned, principal repayment of debt securities and all other receipts).
- 3) In addition to the Base Fee and the Performance Fee, the Trustee-Manager (in its personal capacity) is also entitled to receive an Acquisition Fee in respect of any investment acquired by the Trust or special purpose vehicles holding or constituted to hold the Trust's investment and a Divestment Fee in respect of any investment sold or divested by the Trust or its special purpose vehicles. The Acquisition Fee and Divestment Fee are charged at 1% (or 0.5% for an acquisition from its sponsor group) on the enterprise value of the investment acquired and 0.5% for investment divested respectively.

During the year, pursuant to the Group's acquisition of 50% interest in a joint venture (Note 10), an acquisition fee of \$3,060,000 was incurred and capitalised on the investment in joint venture.

40. Profit/(Loss) Before Tax

The following items have been included in arriving at profit/(loss) before tax:

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Continued operations: | | |
| Auditors' remuneration of the Group and its subsidiaries: | | |
| - auditors of the Group | 1,016 | 908 |
| - other auditors | 218 | 171 |
| Non-audit fees to: | | |
| - auditors of the Group | 647 | 297 |
| Cost of inventories recognised as an expense | 590,968 | 579,170 |
| Short-term leases and leases of low value assets | 4,924 | 3,392 |
| Impairment loss on financial assets (Note 17) | 1,018 | 1,141 |
| Impairment loss on Ixom's assets | (14,142) | - |
| Provision due to loss of long-term customer of Ixom | (7,508) | - |
| Legal and other related professional fee | 6,320 | 7,029 |
| Discontinued operations: | | |
| Auditors' remuneration of the Group and its subsidiaries: | | |
| - auditors of the Group | 105 | 103 |
| Short-term leases and leases of low value assets | - | 1 |
| Property, plant and equipment written off (Note 6) | - | 1,263 |
| Legal and other related professional fee | 2,605 | 8,908 |
| Receivables written off against revenue | - | 29,226 |
| Provision for Basslink arbitration loss | - | 46,982 |

NOTES TO THE FINANCIAL STATEMENTS

41. Income Tax Expense

Major components of income tax expense

The major components of income tax expense for the years ended December 31, 2021 and 2020 are:

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Consolidated profit or loss: | | |
| Current tax | 32,639 | 27,564 |
| Deferred tax (Note 27) | (16,686) | (6,772) |
| Income tax expense recognised in profit or loss | 15,953 | 20,792 |
| Consolidated statement of other comprehensive income: | | |
| Deferred tax expense related to other comprehensive income: | | |
| - Fair value gain (loss) and reclassification adjustments on cash flow hedges (Note 27) | 6,137 | (1,169) |

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the year ended December 31, 2021 and 2020 are as follows:

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Profit/(Loss) before tax: | | |
| - Continuing operations | 39,757 | 58,377 |
| - Discontinued operations | (161,857) | (89,747) |
| | (122,100) | (31,370) |
| Tax calculated at a tax rate of 17% | (20,757) | (5,333) |
| Effect of: | | |
| - Different tax rates in other countries | 6,069 | 8,502 |
| - Expenses not deductible for tax purposes | 29,432 | 19,298 |
| - Income not subject to tax | (674) | (757) |
| - Deferred tax assets not recognised | 418 | 2,880 |
| - Recognition of future deductible amounts allowable under overseas tax regime | 111 | (348) |
| - Adjustment recognised in the current year in relation to the current tax for prior year | 1,273 | (3,447) |
| - Others | 81 | (3) |
| | 15,953 | 20,792 |

42. Discontinued Operation

On November 12, 2021, certain companies in the Basslink group ("Basslink") have been placed into voluntary administration, with the directors of the respective Basslink companies appointing Ernst & Young as voluntary administrators. The Basslink companies are incorporated in Australia and Cayman, where their principal business is the operation of a subsea electricity interconnector. Basslink owns, amongst other things, the Basslink Interconnector, being the interconnection between the present Tasmanian and Victorian electricity grids via a high voltage direct current submarine cable across Bass Strait.

Pursuant to the appointment of the voluntary administrators, the Group has lost control over Basslink which is considered a significant component under the Distribution and Network segment, hence, it will be classified as a discontinued operation in accordance with SFRS(I) 5 Non-current Assets held for Sale and Discontinued Operations.

The results of the discontinued operation, which have been included in the loss for the year, were as follows:

| | Group | |
|---|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Revenue | 57,408 | 52,720 |
| Other income | 30,608 | 2,302 |
| Other (losses) / gain – net | (170,754) | (8,970) |
| Fuel and electricity costs | (296) | (345) |
| Depreciation and amortisation | (15,627) | (16,536) |
| Staff costs | (4,145) | (4,174) |
| Operation and maintenance costs | (4,290) | (4,421) |
| Finance costs | (63,679) | (44,924) |
| Other operating expenses | (32,421) | (65,399) |
| Loss before tax | (203,196) | (89,747) |
| Gain on derecognition of discontinued operation | 41,339 | - |
| Income tax expense | - | - |
| Loss for the year from discontinued operation | (161,857) | (89,747) |

During the year, Basslink Group contributed \$49.2 million (2020 : \$15.4 million) to the Group's net operating cash flows, paid \$3.7 million (2020 : \$5.8 million) in respect of investing activities and paid \$39.1 million (2020 : \$41.1 million) in respect of financing activities.

The book value of the net liabilities of Basslink derecognised were as follows:

| | \$'000 |
|--|---------------|
| Property, plant and equipment and right-of-use assets | (725,991) |
| Identifiable intangible assets | (83,661) |
| Financial assets | (67,788) |
| Other assets | (1,292) |
| Borrowings | 635,042 |
| Other financial liabilities | 164,810 |
| Derivative financial instruments | 103,203 |
| Lease liabilities | 349 |
| Provisions | 26,061 |
| Net liabilities derecognised | 50,733 |
| Foreign currency translation reserves realised | (9,394) |
| Gain on derecognition of discontinued operation | 41,339 |

43. (Loss)/Earnings Per Unit

The calculation of basic and diluted (loss)/earnings per unit is based on the weighted average number of units outstanding during the financial year and (loss)/profit after tax attributable to the unitholders of the Trust.

Diluted loss per unit is the same as the basic loss per unit as there are no dilutive instruments in issue during the financial year.

| | Group | |
|---|---------------|---------------|
| | 2021 | 2020 |
| From continuing and discontinued operations | | |
| Loss for the financial year attributable to unitholders of the Trust (\$'000) | (128,806) | (34,451) |
| Weighted average number of units during the financial year | 4,991,067,696 | 4,991,430,849 |
| Basic and diluted loss per unit (cents) | (2.58) | (0.69) |
| From continuing operations | | |
| Profit for the financial year attributable to unitholders of the Trust (\$'000) | 33,051 | 55,296 |
| Weighted average number of units during the financial year | 4,991,067,696 | 4,991,430,849 |
| Basic and diluted earnings per unit (cents) | 0.66 | 1.11 |

From discontinued operations

Basic and diluted loss per share for the discontinued operation is 3.24 cents per share (2020 : 1.80 cents per share), based on the loss for the year from the discontinued operation of \$161.9 million (2020 : \$89.7 million) and the denominators detailed above for both basic and diluted loss per share.

NOTES TO THE FINANCIAL STATEMENTS

44. Operating Lease Arrangements and Capital Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

| | Group | |
|-------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Property, plant and equipment | 15,353 | 3,958 |

45. Segment Information

The Trustee-Manager monitors the results of the Trust based on the following reportable segments for the purpose of making decisions in resource allocation and performance assessment:

- Distribution & Network: production and retailing of town gas and retailing of natural gas in Singapore, operator of subsea electricity interconnector in Australia, supplying and distributing water treatment chemicals, industrial and specialty chemicals and storage of petroleum products;
- Waste & Water: concessions in relation to the desalination plant, water treatment plant and waste-to-energy plants in Singapore;
- Energy: tolling arrangement for the power plant in Singapore; and
- Corporate: investment holding, asset management and business development.

Information regarding the Trust's reportable segments for the years ended December 31, 2021 and December 31, 2020 are set out below:

| | Energy KMC \$'000 | Distribution & Network | | | | Waste & Water \$'000 | Corporate \$'000 | Total \$'000 | Basslink (Discon- tinued) \$'000 | Total From Continuing Operations \$'000 |
|---|-------------------------|------------------------|---|----------------|---------------------------------|----------------------------|---------------------|-----------------|---|---|
| | | City Energy \$'000 | Basslink (Discon- tinued) \$'000 | Ixom \$'000 | Philippine Coastal \$'000 | | | | | |
| 2021 | | | | | | | | | | |
| Revenue | 132,272 | 321,356 | 57,408 | 1,029,459 | - | 91,932 | - | 1,632,427 | (57,408) | 1,575,019 |
| (Loss)/Profit before tax | (28,202) | 39,011 | (161,857) | 37,533 | 885 | 17,173 | (26,643) | (122,100) | 161,857 | 39,757 |
| Funds from operations ¹ | 43,848 | 30,528 | 45,316 | 85,678 | 8,697 | 77,263 | (47,202) | 244,128 | (45,316) | 198,812 |
| Other segment items: | | | | | | | | | | |
| Depreciation and amortisation | (77,740) | (3,396) | (15,627) | (70,497) | - | (7,430) | - | (174,690) | 15,627 | (159,063) |
| Fair value gain/(loss) on derivative financial instruments | - | 284 | (170,175) | - | - | - | - | (169,891) | 170,175 | 284 |
| Impairment loss on trade and other receivables (net) | - | 690 | - | - | - | - | - | 690 | - | 690 |
| Share of results of joint venture | - | - | - | - | 885 | - | - | 885 | - | 885 |
| Finance costs ² | (54,017) | (5,176) | (63,679) | (24,208) | - | (1,870) | (4,050) | (153,000) | 63,679 | (89,321) |

In addition to the depreciation and amortisation reported above, impairment losses of \$6,339,000 (2020 : \$Nil) (Note 6), \$2,328,000 (2020 : \$Nil) (Note 7) and \$3,116,000 (2020 : \$Nil) (Note 8), attributed to the Distribution & Network segment, were recognised in respect of property, plant and equipment, right-of-use assets and intangible assets respectively.

A reconciliation of profit before tax to Funds from Operations is provided as follows:

| | 2021 \$'000 |
|--|----------------|
| Profit before tax | 39,757 |
| Reduction in concession/lease receivables | 60,447 |
| Non-cash finance cost | 3,423 |
| Other non-cash items and transaction costs | (9,140) |
| Depreciation and amortisation | 159,063 |
| Maintenance capital expenditure | (35,663) |
| Finance cost attributable to NCI | 43,850 |
| Funds from operations from joint venture | 8,697 |
| Funds from operations attributable to NCI | (50,091) |
| Distribution to perpetual securities holders | (21,531) |
| Basslink's Funds from Operations | 45,316 |
| Funds from Operations | 244,128 |

| | | Distribution & Network | | | | | | | | |
|--|-------------------------|------------------------|---|----------------|---------------------------------|----------------------------|---------------------|-----------------|---|---|
| | Energy KMC \$'000 | City Energy \$'000 | Basslink (Discon- tinued) \$'000 | Ixom \$'000 | Philippine Coastal \$'000 | Waste & Water \$'000 | Corporate \$'000 | Total \$'000 | Basslink (Discon- tinued) \$'000 | Total From Continuing Operations \$'000 |
| 2021 | | | | | | | | | | |
| Segment and consolidated total assets | 1,477,441 | 599,921 | - | 1,320,078 | 206,279 | 403,526 | 493,538 | 4,500,783 | - | 4,500,783 |
| Segment liabilities | 1,191,521 | 357,138 | - | 825,711 | - | 58,275 | 303,084 | 2,735,729 | - | 2,735,729 |
| Unallocated liabilities: | | | | | | | | | | |
| Current tax liabilities | | | | | | | | | | 23,715 |
| Deferred tax liabilities | | | | | | | | | | 1,274 |
| Consolidated total liabilities | | | | | | | | | | 2,760,718 |
| Other segment items | | | | | | | | | | |
| Additions to non-current assets ³ | 10,275 | 4,812 | - | 30,165 | - | 52 | - | 45,304 | - | 45,304 |

| | | Distribution & Network | | | | | | | |
|---|-------------------------|------------------------|---|----------------|----------------------------|---------------------|-----------------|---|---|
| | Energy KMC \$'000 | City Energy \$'000 | Basslink (Discon- tinued) \$'000 | Ixom \$'000 | Waste & Water \$'000 | Corporate \$'000 | Total \$'000 | Basslink (Discon- tinued) \$'000 | Total From Continuing Operations \$'000 |
| 2020 | | | | | | | | | |
| Revenue | 128,761 | 293,319 | 52,720 | 981,221 | 95,880 | - | 1,551,901 | (52,720) | 1,499,181 |
| (Loss)/Profit before tax | (29,112) | 49,600 | (89,747) | 33,964 | 20,339 | (16,414) | (31,370) | 89,747 | 58,377 |
| Funds from operations ¹ | 46,133 | 47,047 | 10,989 | 88,962 | 79,056 | (29,592) | 242,595 | (10,989) | 231,606 |
| Other segment items: | | | | | | | | | |
| Depreciation and amortisation | (77,128) | (3,744) | (16,536) | (73,312) | (7,425) | - | (178,145) | 16,536 | (161,609) |
| Fair value gain/(loss) on derivative financial instruments | - | 487 | (9,007) | - | - | - | (8,520) | 9,007 | 487 |
| Impairment loss on trade and other receivables (net) | - | 321 | - | - | - | - | 321 | - | 321 |
| Finance costs ² | (58,184) | (5,278) | (44,924) | (24,549) | (2,176) | (2,926) | (138,037) | 44,924 | (93,113) |

A reconciliation of profit before tax to Funds from Operations is provided as follows:

| | 2020 \$'000 |
|--|------------------------|
| Profit before tax | 58,377 |
| Reduction in concession/lease receivables | 58,283 |
| Non-cash finance cost | 8,771 |
| Other non-cash items and transaction costs | (15,599) |
| Depreciation and amortisation | 161,609 |
| Maintenance capital expenditure | (16,744) |
| Finance cost attributable to NCI | 43,970 |
| Funds from operations attributable to NCI | (52,772) |
| Distribution to perpetual securities holders | (14,289) |
| Basslink Funds from Operations | 10,989 |
| Funds from Operations | 242,595 |

| | | Distribution & Network | | | | | | | |
|--|-------------------------|------------------------|---|----------------|----------------------------|---------------------|-----------------|---|---|
| | Energy KMC \$'000 | City Energy \$'000 | Basslink (Discon- tinued) \$'000 | Ixom \$'000 | Waste & Water \$'000 | Corporate \$'000 | Total \$'000 | Basslink (Discon- tinued) \$'000 | Total From Continuing Operations \$'000 |
| 2020 | | | | | | | | | |
| Segment and consolidated total assets | 1,515,075 | 507,761 | 797,683 | 1,249,177 | 468,010 | 391,829 | 4,929,535 | - | 4,929,535 |
| Segment liabilities | 1,176,803 | 358,938 | 932,462 | 760,772 | 67,654 | 110,197 | 3,406,826 | - | 3,406,826 |
| Unallocated liabilities: | | | | | | | | | |
| Current tax liabilities | | | | | | | | | 17,595 |
| Deferred tax liabilities | | | | | | | | | 11,172 |
| Consolidated total liabilities | | | | | | | | | 3,435,593 |
| Other segment items | | | | | | | | | |
| Additions to non-current assets ³ | 703 | 2,191 | 11,863 | 20,613 | 201 | - | 35,571 | - | 35,571 |

¹ Funds from operations is defined as profit after tax adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capital expenditure, non-cash adjustments and non-controlling interests adjustments.

² Excludes interest payable on notes issued by subsidiaries to the Trust.

³ Comprises additions to property, plant and equipment, right-of-use assets and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

45. Segment Information (continued)

The Group's Waste & Water, Energy and Corporate business segments operate in Singapore whilst the Distribution & Network segment mainly operates in both Singapore and Australia. Revenue is based on the country in which the customer is located. Total non-current assets are shown by the geographical area where the assets are located.

| | Revenue | | Non-current assets ¹ | |
|--------------------------|------------------|------------------|---------------------------------|------------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Continuing Operations: | | | | |
| Singapore | 545,560 | 517,960 | 1,787,868 | 1,652,002 |
| Australia | 702,494 | 601,456 | 477,249 | 662,919 |
| New Zealand | 239,529 | 203,586 | 117,382 | 126,182 |
| Others | 87,436 | 176,179 | 235,775 | 31,739 |
| | 1,575,019 | 1,499,181 | 2,618,274 | 2,472,842 |
| Discontinued Operations: | | | | |
| Australia | 57,408 | 52,720 | | 853,025 |
| | 1,632,427 | 1,551,901 | | 3,325,867 |

¹ Comprise property, plant and equipment, intangibles and investment in and advances to joint venture.

Revenue from Waste & Water segment of \$92,733,000 (2020 : \$95,880,000) was solely derived from the only customer of the respective subtrusters. For the Energy segment, revenue of \$116,940,000 (2020 : \$128,761,000) was derived from its only customer. For Distribution & Network segment, revenue from its major customer was \$Nil (2020 : \$79,517,000).

46. Acquisition of Subsidiaries

For the Financial Year Ended December 31, 2021

On April 30, 2021 and November 30, 2021, Keppel Infrastructure Fund Management Pte Ltd ("Trustee-Manager"), through its Ixom sub-group, completed the acquisition of 100% of the business in Australian Botanical Products Pty Ltd ("ABP") and SCR Solutions Limited ("SCR") in Australia and New Zealand respectively for a cash consideration of A\$34.3 million (\$35.0 million) in aggregate. The acquisition has been accounted for by the acquisition method of accounting.

The principal activities of ABP include supply of essential oils, carrier oils, raw materials and fragrances and principal activities of SCR are manufacture and distribute emissions reduction solution (AdBlue).

The fair values of identifiable net assets and the cash outflow of the businesses acquired were as follows:

| | 2021 \$'000 | | |
|--|----------------|--------------|---------------|
| | ABP | SCR | Total |
| Property, plant and equipment | 3,449 | 2,597 | 6,046 |
| Right-of-use assets | 2,240 | - | 2,240 |
| Identifiable intangible assets | 5,818 | - | 5,818 |
| Inventories | 16,766 | 641 | 17,407 |
| Financial assets | 8,558 | 1,310 | 9,868 |
| Financial liabilities | (4,817) | (1,300) | (6,117) |
| Lease liabilities | (2,055) | - | (2,055) |
| Deferred tax liabilities | (703) | - | (703) |
| Provisions | (2,121) | (55) | (2,176) |
| Total identifiable assets acquired and liabilities assumed | 27,135 | 3,193 | 30,328 |
| Goodwill | 3,370 | 1,304 | 4,674 |
| Total consideration transferred in cash | 30,505 | 4,497 | 35,002 |
| Net cash outflow arising on acquisition: | | | |
| Cash consideration | 30,505 | 4,497 | 35,002 |
| Transaction cost | 4,685 | 121 | 4,806 |
| Less: Contingent consideration | - | (695) | (695) |
| Less: Cash and cash equivalent balances acquired | (2,662) | - | (2,662) |
| | 32,528 | 3,923 | 36,451 |

The initial accounting for the acquisition of ABP and SCR has only been provisionally determined at the end of the financial year. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised and they have therefore only been provisionally determined based on the management's best estimate of the likely values. The following amounts have been measured on a provisional basis:

- The fair value of potential intangible assets (customer contracts, brands and patents) are pending finalisation of an independent valuation.
- The fair value of land, buildings and plant and equipment are pending completion of an independent valuation.
- The fair value of working capital balances (trade receivables, inventory, trade payables) are pending completion of internal valuation.

Goodwill arose on the acquisitions because the cost of the investments included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable assets.

The goodwill arising on the acquisition of ABP and SCR is not expected to be deductible for tax purposes.

The contingent consideration arrangement for SCR requires the Group to pay the vendor an additional up to NZ\$2.8 million (\$2.6 million) earnout payment due 12 months after completion, subject to the business meeting its earnout targets. NZ\$0.75 million (\$0.7 million) represents the estimated fair value of this obligation estimated by applying an income approach.

The revenue and profit or loss for the year of the Group, attributable to the additional business generated by ABP and SCR is as follows:

| | 2021 \$'000 |
|---------------------|------------------------|
| Revenue | 27,476 |
| Profit for the year | 2,309* |

* Profit for the year includes non-recurring transaction cost of \$4,806,000 which was recognised in other operating expenses.

Had the business combination during the year been effected at January 1, 2021, the revenue and profit for the year of the Group, without adjusting for the transaction cost and fair value adjustment, which are non-recurring in future periods, arising from the acquisition, would have been as follows:

| | From January 1, 2021 to December 31, 2021 \$'000 |
|---|---|
| Revenue | 1,625,821 |
| Loss for the year | (138,053) |
| Effect of business combination assumed to be completed on January 1, 2021 | 1,516 |
| Adjusted loss for the year | (136,537) |

The Trustee-Manager considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis, without adjusting for the transaction cost and fair value adjustment, and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and profit of the Group had ABP and SCR been acquired at the beginning of the current reporting period, the Trustee-Manager has factored in the amortisation of the intangible assets, depreciation of uplift in fair value of property, plant and equipment and inventory and deferred tax adjustments arising from the acquisition.

For the Financial Year Ended December 31, 2020

On January 31, 2020, Keppel Infrastructure Fund Management Pte Ltd ("Trustee-Manager"), through its Ixom sub-group, completed the acquisition of 100% of the business in Medora source water management solutions ("Medora") in the United States of America for a cash consideration of A\$32.4 million (\$29.6 million). The acquisition has been accounted for by the acquisition method of accounting.

The principal activities of Medora are sale of water treatment infrastructure and facilities and related services.

NOTES TO THE FINANCIAL STATEMENTS

46. Acquisition of Subsidiaries (continued)

The fair values of identifiable net assets and the cash outflow at the date of acquisition were as follows:

| | 2020 \$'000 |
|--|----------------|
| Property, plant and equipment | 1,369 |
| Right-of-use assets | 2,732 |
| Identifiable intangible assets | 5,771 |
| Deferred tax assets | 1,601 |
| Inventories | 2,765 |
| Financial assets | 1,855 |
| Financial liabilities | (1,878) |
| Lease liabilities | (2,730) |
| Provisions | (83) |
| Total identifiable assets acquired and liabilities assumed | 11,402 |
| Goodwill | 18,189 |
| Total consideration transferred in cash | 29,591 |
| Net cash outflow arising on acquisition: | |
| Cash consideration | 29,591 |
| Transaction cost | 845 |
| Less: Deferred cash consideration | (7,421) |
| | 23,015 |

The accounting for the acquisition of Medora has been finally determined at the end of the financial year. The fair value of other plant and equipment and intangible assets (customer contracts) were valued by independent valuers. The fair value of working capital balances (trade receivables, inventory and trade payables) were internally valued.

Goodwill arose on the acquisition because the cost of the investments included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable assets.

The goodwill arising on the acquisition of Medora is not expected to be deductible for tax purposes.

The revenue and profit or loss for the year of the Group, attributable to the additional business generated by Medora is as follows:

| | 2020 \$'000 |
|---------------------|----------------|
| Revenue | 18,425 |
| Profit for the year | 1,538* |

* Profit for the year includes non-recurring transaction cost of \$845,000 which was recognised in other operating expenses.

Had the business combination during the year been effected at January 1, 2020, the revenue and profit for the year of the Group, without adjusting for the transaction cost and fair value adjustment, which are non-recurring in future periods, arising from the acquisition, would have been as follows:

| | From January 1, 2020 to December 31, 2020 \$'000 |
|---|--|
| Revenue | 1,500,856 |
| Loss for the year | (52,162) |
| Effect of business combination assumed to be completed on January 1, 2020 | 140 |
| Adjusted loss for the year | (52,022) |

The Trustee-Manager considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis, without adjusting for the transaction cost and fair value adjustment, and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and profit of the Group had Medora been acquired at the beginning of the current reporting period, the Trustee-Manager has factored in the amortisation of the intangible assets, depreciation of uplift in fair value of property, plant and equipment and inventory and deferred tax adjustments arising from the acquisition.

47. Events After the Reporting Period

On February 23, 2022, the Group completed the investment of US\$250 million (\$336.6 million), alongside other investors, for an indirect minority and non-controlling stake into a special purpose vehicle ("SPV"), which has entered into a conditional share sale and purchase agreement with Aramco, a Saudi Arabian Oil Company, to acquire a 49% stake in Aramco Gas Pipelines Company ("AGPC").

AGPC leased usage rights in Aramco's gas pipeline network in Saudi Arabia for a 20-year period, and concurrently, granted back to Aramco the exclusive rights to use, transport through, operate and maintain the gas pipeline network during the 20-year period in exchange for a quarterly volume-based tariff which will be backed by minimum volume commitments.

The investment of US\$250 million (\$336.6 million) is expected to be accounted for as fair value through profit or loss.

48. Statement of Profit and Loss - Trust

The Statement of Profit or Loss of the Trust, which is for information purpose only, is as follows:

| | 2021 \$'000 | 2020 \$'000 |
|-----------------------------------|------------------|----------------|
| Revenue | 148,010 | 154,997 |
| Other income | 46 | 1,824 |
| Other (losses) gains - net | (650,519) | 140,461 |
| Expenses | | |
| Finance costs | (4,051) | (2,926) |
| Trustee-Manager's fees | (12,082) | (11,970) |
| Other operating expenses | (7,082) | (3,854) |
| Total expenses | (23,215) | (18,750) |
| (Loss)/Profit before tax | (525,678) | 278,532 |
| Income tax expense | (9) | (23) |
| (Loss)/Profit for the year | (525,687) | 278,509 |
| Interest cover ratio* | 62x | 198x |

* Computed based on adjusted EBITDA/net interest expense.

CORPORATE GOVERNANCE

The Board of Directors (Board) and management (Management) of Keppel Infrastructure Fund Management Pte. Ltd. (KIFM), as the Trustee-Manager of Keppel Infrastructure Trust (KIT), are fully committed to good corporate governance as they firmly believe that it is essential in protecting the interests of the unitholders of KIT (Unitholders).

The Business Trusts Act, 2004 (BTA) sets out the requirements and obligations in respect of corporate governance. The Business Trusts Regulations (BTR) set out the requirements for, among other matters, the board composition of a trustee-manager, the independence of its directors, and the audit committee composition of a trustee-manager.

In addition, the Trustee-Manager adopts the Code of Corporate Governance 2018¹ (the 2018 Code) as its benchmark for corporate governance policies and practices. The following describes the Trustee-Manager's main corporate governance policies and practices with specific reference to the 2018 Code and its accompanying Practice Guidance. The Trustee-Manager is pleased to share that KIT has complied with the principles of the 2018 Code as well as all material aspects in the provisions and practices of the 2018 Code. Where there are deviations from the provisions of the 2018 Code, appropriate explanations have been provided in this report.

BOARD MATTERS: BOARD'S CONDUCT OF AFFAIRS

PRINCIPLE 1:

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

PRINCIPLE 3:

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Board is responsible for the overall management and the corporate governance of KIT, including establishing goals for Management and monitoring the achievement of these goals.

Role: The principal functions of the Board are to:

- Provide entrepreneurial leadership and decide on matters in relation to KIT's activities which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- Oversee the business and affairs of KIT, establish, with the Management, the strategies and financial objectives (including appropriate focus on value creation, innovation and sustainability) to be implemented by Management, and monitor the performance of Management and ensure that the Company has necessary resources to meet its strategic objectives;
- Hold Management accountable for performance and ensure proper accountability within KIT;
- Oversee processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy and effectiveness of such processes;
- Be responsible for the governance of risk and ensure that Management maintains a sound system of risk management and internal controls, to safeguard the interests of KIT and its stakeholders; and
- Assume responsibility for corporate governance and ensure transparency and accountability to key stakeholder groups.

Internal Limits of Authority: The Trustee-Manager has adopted a set of internal guidelines which sets out the level of authorisation and financial authority limits for investment/business acquisition, operating/capital expenditure, leasing, disposal of assets and various corporate matters. Transactions and matters which require the approval of the Board are clearly set out in the internal guidelines. Appropriate delegations of authority and approval sub-limits are also provided at the Management level as well as at the Investment Committee level to facilitate operational efficiency.

Independent Judgment: All directors of the Trustee-Manager (the Directors) are expected to exercise independent judgment in the best interests of KIT, and all Directors have discharged this duty consistently well.

Board Committees: To assist the Board in the discharge of its oversight function, the Audit and Risk Committee, the Nominating and Remuneration Committee, the Conflicts Resolution Committee, the Board Safety Committee and the Investment Committee have been constituted with clear written terms of reference. All the Board committees are actively engaged and play important roles in ensuring good corporate governance. The Board is kept updated on discussions of the committees via circulation of minutes and regular updates by the respective chairman of the committees at Board meetings.

¹ The Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018.

On 26 January 2022, the Board constituted the Board Environmental, Social and Governance ("ESG") Committee for the primary purpose of, among others developing and articulating KIT's ESG strategy as well as overseeing the matters that fall within the purview of the Board Safety Committee and Conflicts Resolution Committee. As such, following the constitution of the Board ESG Committee with effect from 26 January 2022, the Board Safety Committee and Conflicts Resolution Committee ceased concurrently on the same date. The terms of reference of the respective Board committees are disclosed in the Appendix to this report at pages 172 to 176.

Meetings: The Board meets at least four times a year and as warranted by particular circumstances to discuss and review the Trustee-Manager's key activities, including its business strategies and policies for KIT, proposed acquisitions and disposals, the annual budget, review the performance of the business and the financial performance of KIT and the Trustee-Manager. The Board also reviews and approves the release of the financial results. In addition, the Board reviews the risks to the assets of KIT, and acts upon any comments from the auditors of KIT. Board meetings are scheduled and circulated to the Directors prior to the start of the financial year to allow Directors to plan ahead to attend such meetings, so as to maximise participation.

The Trustee-Manager's Constitution permits Board meetings to be held by way of conference by telephone or any other electronic means of communication by which all persons participating are able, contemporaneously, to hear and be heard by all other participants. Further, the Directors meet without the presence of Management on a need-be basis.

The Directors' appointments and details of membership on Board committees, number of Board and Board committee meetings held during the year under review (FY 2021), as well as the attendance of each Board member at these meetings, are disclosed below.

BOARD AND BOARD COMMITTEE MEETINGS FOR FY 2021

| | Board Meetings | Audit and Risk Committee Meetings | Nominating & Remuneration Committee Meetings | Conflicts Resolution Committee Meetings ⁸ | Board Safety Committee Meetings ⁹ | Investment Committee Meetings ⁹ | Non-Executive Directors' Meeting (without presence of Management) |
|---|----------------|-----------------------------------|--|--|--|--|---|
| Koh Ban Heng ¹ | 3 | 1 | 1 | - | - | - | 1 |
| Daniel Cuthbert Ee Hock Huat ² | 17 | 6 | 6 | 1 | - | 6 | 1 |
| Thio Shen Yi ³ | 16 | - | 7 | 1 | 3 | - | 1 |
| Mark Andrew Yeo Kah Chong ⁴ | 17 | 6 | 6 | - | 1 | - | 1 |
| Kunnasagaran Chinniah ⁵ | 16 | 5 | 1 | 1 | 4 | 6 | 1 |
| Chong Suk Shien ⁶ | 13 | - | - | - | 3 | - | - |
| Christina Tan Hua Mui ⁷ | 17 | - | 7 | - | - | 6 | 1 |
| Number of Meetings Held in FY 2021 | 17 | 6 | 7 | 1 | 4 | 6 | 1 |

Notes

¹ Mr Koh Ban Heng stepped down as Non-Executive Chairman of the Board on 1 February 2021, following which he ceased to be a member of the Audit and Risk Committee and the Nominating and Remuneration Committee on the same date.

² Mr Daniel Cuthbert Ee Hock Huat was appointed as Non-Executive Chairman of the Board with effect from 1 February 2021 and was appointed as a member of the Nominating and Remuneration Committee and Investment Committee on 5 March 2021 and 23 July 2021 respectively.

³ Mr Thio Shen Yi was appointed as a member of the Board Safety Committee with effect from 5 March 2021.

⁴ Mr Mark Andrew Yeo Kah Chong ceased to be a member of the Board Safety Committee and was appointed as a member of the Nominating and Remuneration Committee with effect from 5 March 2021.

⁵ Mr Kunnasagaran Chinniah ceased to be a member of the Conflicts Resolution Committee and the Nominating and Remuneration Committee on 5 March 2021 and was appointed as a member of the Audit and Risk Committee and Investment Committee with effect from 5 March 2021 and 23 July 2021 respectively.

⁶ Ms Chong Suk Shien was appointed as Non-Executive Independent Director and a member of the Board Safety Committee on 5 March 2021.

⁷ Following the constitution of the Investment Committee on 23 July 2021 (see note 9 below for more details), Ms Christina Tan Hua Mui was appointed as Chairman of the Investment Committee.

⁸ On 26 January 2022, the Board constituted the Board ESG Committee for the primary purpose of, among others developing and articulating KIT's ESG strategy as well as overseeing the matters that fall within the purview of the Board Safety Committee and Conflicts Resolution Committee. As such, following the constitution of the Board ESG Committee with effect from 26 January 2022, the Board Safety Committee and Conflicts Resolution Committee ceased concurrently on the same date.

⁹ On 23 July 2021, the Board constituted the Investment Committee for the primary purpose of assisting the Board to guide KIT in exercising the spirit of enterprise as well as prudence to earn optimal risk-adjusted returns on invested capital in line with KIT's investment mandate.

CORPORATE GOVERNANCE

NATURE OF CURRENT DIRECTORS' APPOINTMENTS ON THE BOARD AND THE DETAILS OF THEIR MEMBERSHIP ON BOARD COMMITTEES

| | Board Membership | Audit and Risk Committee | Nominating & Remuneration Committee | Investment Committee ⁷ | Board ESG Committee ⁸ |
|---|------------------------------------|--------------------------|-------------------------------------|-----------------------------------|----------------------------------|
| Daniel Cuthbert Ee Hock Huat ¹ | Non-Executive Independent Chairman | Member | Member | Member | Member |
| Thio Shen Yi ² | Non-Executive Independent | - | Chairman | - | Member |
| Mark Andrew Yeo Kah Chong ³ | Non-Executive Independent | Chairman | Member | - | - |
| Kunnasagaran Chinniah ⁴ | Non-Executive Independent | Member | - | Member | Chairman |
| Chong Suk Shien ⁵ | Non-Executive Independent | - | - | - | Member |
| Christina Tan Hua Mui ⁶ | Non-Executive Non-Independent | - | Member | Chairman | - |

Notes

- ¹ Mr Daniel Cuthbert Ee Hock Huat was appointed as Non-Executive Chairman of the Board with effect from 1 February 2021 and a member of the Nominating and Remuneration Committee and the Investment Committee with effect from 5 March 2021 and 23 July 2021 respectively. Following the cessation of the Conflicts Resolution Committee on 26 January 2022 (see note 8 below for more details), Mr Daniel Cuthbert Ee Hock Huat was appointed as a member of the Board ESG Committee with effect from 26 January 2022.
- ² Mr Thio Shen Yi was appointed as a member of the Board Safety Committee on 5 March 2021. Following the cessation of the Board Safety Committee on 26 January 2022 (see note 8 below for more details), Mr Thio Shen Yi was appointed as a member of the Board ESG Committee with effect from 26 January 2022.
- ³ Mr Mark Andrew Yeo Kah Chong ceased to be a member of the Board Safety Committee and was appointed as a Member of the Nominating and Remuneration Committee on 5 March 2021.
- ⁴ Mr Kunnasagaran Chinniah ceased to be a member of each of the Conflicts Resolution Committee and Nominating and Remuneration Committee on 5 March 2021 and was appointed as a member of the Audit and Risk Committee and the Investment Committee on 5 March 2021 and 23 July 2021 respectively. Following the cessation of the Board Safety Committee on 26 January 2022 (see note 8 below for more details), Mr Kunnasagaran Chinniah was appointed as Chairman of the Board ESG Committee with effect from 26 January 2022.
- ⁵ Ms Chong Suk Shien was appointed as a Non-Executive Independent Director and member of the Board Safety Committee on 5 March 2021. Following the cessation of the Board Safety Committee on 26 January 2022 (see note 8 below for more details), Ms Chong Suk Shien was appointed as a member of the Board ESG Committee with effect from 26 January 2022.
- ⁶ Following the constitution of the Investment Committee on 23 July 2021 (see note 7 below for more details), Ms Christina Tan Hua Mui was appointed as Chairman of the Investment Committee.
- ⁷ On 23 July 2021, the Board constituted the Investment Committee for the primary purpose of assisting the Board to guide KIT in exercising the spirit of enterprise as well as prudence to earn optimal risk-adjusted returns on invested capital in line with KIT's investment mandate.
- ⁸ On 26 January 2022, the Board constituted the Board ESG Committee for the primary purpose of, among others developing and articulating KIT's ESG strategy as well as overseeing the matters that fall within the purview of the Board Safety Committee and Conflicts Resolution Committee. As such, following the constitution of the Board ESG Committee with effect from 26 January 2022, the Board Safety Committee and Conflicts Resolution Committee ceased concurrently on the same date.

If a Director were unable to attend a Board or Board committee meeting, he or she would still receive all the papers and materials for discussion at that meeting. He or she would review them and advise the Chairman of the Board or the Board committee chairman of his or her views and comments on the matters to be discussed so that they may be conveyed to other members at the meeting.

Closed Door Directors' Meetings: The Directors meet on a need-be basis without the presence of Management to discuss matters such as Board processes, corporate governance initiatives, succession planning, and performance management and remuneration matters.

Company Secretaries: The Company Secretaries administer, attend and prepare minutes of Board proceedings. They assist the Chairman to ensure that Board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and its Board committees, and between Management and the Directors) are followed and regularly reviewed to ensure effective functioning of the Board and that the Trustee-Manager's Constitution and relevant rules and regulations are complied with. They also assist the Chairman and the Board to implement corporate governance practices and processes with a view to enhancing long-term Unitholder value. They are also the primary channel of communication between KIT and the Singapore Exchange Securities Trading Limited (SGX).

The appointment and removal of each of the Company Secretaries are subject to the approval of the Board as a whole.

Access to Information: The Board and Management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge Management on its assumptions and proposals and that for this to happen, the Board must be kept well informed of KIT's businesses and affairs and be knowledgeable about the industry in which the businesses operate.

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis. The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of KIT's business, performance, business and financial environment, risk and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period. Management also surfaces key risk issues for discussion and confers with the Audit and Risk Committee and the Board regularly.

As a general rule, Board papers are required to be distributed to Directors at least seven days before the Board meeting so that the Directors may better understand the matters prior to the Board meeting and discussions may be focused on questions that the Directors may have. Directors are provided with tablet devices to facilitate their access to and review of board materials. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Directors are also provided with the names and contact details of senior management and the Company Secretaries to facilitate direct access to senior management and the Company Secretaries. Directors are entitled to request from Management, and would be provided with, such additional information as may be needed from time to time in order to make informed decisions.

Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of KIT.

The Board reviews the budget on an annual basis, and any material variance between the projections and actual results would be disclosed and explained. A Board strategy meeting is organised annually for in-depth discussion on strategic issues and direction of KIT, to give the Directors a better understanding of KIT and its businesses, and to provide an opportunity for the Directors to familiarise themselves with Management so as to facilitate the Board's review of KIT's succession planning.

Director Orientation: A formal letter is sent to newly-appointed Directors upon their appointment explaining their roles, duties, obligations and responsibilities as a board director. All newly-appointed Directors receive a director tool-kit and undergo a comprehensive orientation programme which includes sites visits and management presentations on KIT's businesses, strategic plans and objectives.

Training: Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on KIT and its disclosure obligations, the Directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are also provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act, 1967 (Companies Act), or other applicable legislation and industry-related matters, continuing listing obligations and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members. All induction, training and development costs are at the Trustee-Manager's expense.

Chairman and CEO: The positions of Chairman and Chief Executive Officer (CEO) are held by two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the CEO are not immediate family members.

The Chairman, with the assistance of the Company Secretaries, schedules meetings and prepares meeting agendas to enable the Board to perform its duties responsibly having regard to the flow of KIT's operations.

He sets guidelines on and monitors the flow of information from Management to the Board to ensure that all material information is provided in a timely manner to the Board for the Board to make good decisions. He also encourages constructive relations between the Board and Management. At Board meetings, the Chairman encourages a full and frank exchange of views, drawing out contributions from all Directors so that the debate benefits from the full diversity of views, in a robust yet collegiate setting.

At annual general meetings (AGM) and other Unitholders' meetings, the Chairman ensures constructive dialogue between Unitholders, the Board and Management. The Chairman sets the right ethical and behavioural tone and takes a leading role in KIT's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretaries and Management.

The CEO, assisted by Management, makes strategic proposals to the Board and after robust and constructive Board discussion, executes the agreed strategy, manages and develops KIT's businesses and implements the Board's decisions.

The clear separation of roles of the Chairman and the CEO provides a healthy professional relationship between the Board and Management with clarity of roles and robust deliberation on the business activities of KIT.

BOARD MATTERS: BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2:

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

PRINCIPLE 4:

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating and Remuneration Committee

The Trustee-Manager has established a Nominating and Remuneration Committee (NRC) to, among other things, make recommendations to the Board on all Board appointments and oversee the Board and senior management's succession and conducting annual review of board diversity, board size, board independence and directors' commitment. In FY 2021, the NRC comprises four Directors, majority of whom are independent, namely:

| | |
|------------------------------|----------|
| Mr Thio Shen Yi | Chairman |
| Daniel Cuthbert Ee Hock Huat | Member |
| Mark Andrew Yeo Kah Chong | Member |
| Ms Christina Tan Hua Mui | Member |

CORPORATE GOVERNANCE

Mr Koh Ban Heng stepped down from the Board on 1 February 2021, following which he ceased to be a member of the Nominating and Remuneration Committee on the same date. On 5 March 2021, Mr Kunnasagaran Chinniah ceased to be a member of the Nominating and Remuneration Committee and Mr Daniel Cuthbert Ee Hock Huat and Mr Mark Andrew Yeo Kah Chong were appointed as members of the Nominating and Remuneration Committee. The detailed responsibilities of the NRC are disclosed at pages 173 to 174 of the Appendix hereto.

Process for appointment of new Directors and Board succession planning

The NRC is responsible for reviewing the succession plans for the Board. In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors so that the experience of longer serving Directors can be drawn upon while tapping into the new external perspectives and insights which more recent appointees bring to the Board's deliberation.

The NRC leads the process and makes recommendations to the Board as follows:

- (a) the NRC reviews annually the balance and diversity of skills, experience, gender, age and knowledge required by the Board and the size of the Board which would facilitate decision-making. In this review, the NRC will also take into account the needs of KIT and the collective skills and competencies of the Board;
- (b) in light of such review and in consultation with Management, the NRC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment;
- (c) external help (for example, Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and Management may also make suggestions;
- (d) the NRC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
- (e) the NRC makes recommendations to the Board for approval.

Criteria for appointment of new Directors

All new appointments are subject to the recommendation of the NRC based on the following objective criteria:

- (1) integrity
- (2) independent mindedness
- (3) diversity – possess core competencies that meet the current needs of KIT and the Trustee-Manager and complement the skills and competencies of the current Directors on the Board
- (4) able to commit time and effort to carry out duties and responsibilities effectively
- (5) track record of making good decisions
- (6) experience in high-performing corporations or infrastructure funds
- (7) financial literacy

Endorsement by Unitholders of appointment of Directors

Keppel Capital Holdings Pte. Ltd. (Keppel Capital) had on 1 March 2020 provided an undertaking to the Trustee-Manager (Undertaking) to provide Unitholders with the right to endorse the appointment of the persons who are Directors as of 1 March 2020 (existing Directors) by way of an ordinary resolution at the AGM of Unitholders. Pursuant to the Undertaking, Keppel Capital undertakes to the Trustee-Manager:

- (i) to procure the Trustee-Manager to seek Unitholders' endorsement for the appointment of existing Directors no later than the AGM to be held in 2022, provided that the Trustee-Manager shall seek Unitholders' endorsement for at least one-third of the existing Directors (or if their number is not a multiple of three then the number nearest to one-third) at each of the AGMs in 2020 and 2021;
- (ii) to procure the Trustee-Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
- (iii) (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Trustee-Manager to seek Unitholders' endorsement for his or her appointment as a Director at the next AGM immediately following his or her appointment; and
- (iv) to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting where the endorsement or re-endorsement (as the case may be) for his or her appointment was sought, to resign or otherwise be removed from the Board either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

As the appointments of Mr Daniel Cuthbert Ee Hock Huat, Mr Mark Andrew Yeo Kah Chong and Ms Chong Suk Shien as Directors were endorsed by Unitholders at the AGM held in 2021, accordingly, for the AGM to be held in 2022, the Trustee-Manager has included in the agenda, the resolutions to endorse the appointment of Mr. Kunnasagaran Chinniah and Ms Christina Tan Hua Mui.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Trustee-Manager or Keppel Capital from appointing or procuring the appointment of any Director from time to time in accordance with applicable laws and regulations (including any applicable rule of the SGX) and the constitution of the Trustee-Manager.

The Undertaking shall remain in force for so long as:

1. Keppel Capital continues to hold a majority of the shares in the Trustee-Manager; and
2. Keppel Infrastructure Fund Management Pte. Ltd. remains as the trustee-manager of Keppel Infrastructure Trust.

Alternate Director

The Trustee-Manager has no alternate directors on the Board.

Board Diversity

The Trustee-Manager recognises that diversity in relation to composition of the Board provides a range of perspectives, insights and challenge needed to support good decision-making for the benefit of KIT, and is committed to ensuring that the Board comprises Directors who, as a group, provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity (such as gender and age) so as to promote the inclusion of different perspectives and ideas, mitigate against groupthink and ensure that KIT has the opportunity to benefit from all available talent.

It is paramount that the Trustee-Manager continues to maintain the appropriate balance and mix of skills, knowledge and experience on the Board to support the needs and long-term sustainability of KIT's and the Trustee-Manager's businesses. When assessing Board composition or identifying suitable candidates for appointment or re-endorsement to the Board, the Trustee-Manager will consider candidates on merit against objective criteria set by the Board after having given due regard to the benefits of diversity and the needs of the Board.

The Trustee-Manager has in place a Board Diversity Policy that sets out the framework and approach for the Board to set its qualitative and measurable quantitative objectives for achieving diversity, and to annually assess the progress in achieving these objectives.

The Board will, taking into consideration the recommendations of the NRC, review and agree annually the qualitative and measurable quantitative objectives for achieving diversity on the Board. The objectives identified in 2022, and the progress towards achieving such objectives, are set out below:

Objectives for 2022

| Objectives | Progress |
|---|---|
| Maintain the gender diversity objective of ensuring that at least 30% of the Board comprise female directors. | With Ms Chong Suk Shien's appointment on 5 March 2021, and Ms Christina Tan Hua Mui who was appointed on 15 September 2016, 33.3% of the Board comprise female directors. |

At the recommendation of the NRC and in recognition of the merits of gender diversity, the Board has committed to ensuring that at least 30% of the Board comprise female directors and as at the date of this Annual Report, there were two female Directors out of a total of six Directors on the Board.

Annual review of Board size and composition

In FY 2021, the Board consists of six members, five of whom are independent non-executive Directors and the Chairman of the Board is Mr Daniel Cuthbert Ee Hock Huat who is an independent non-executive Director. Following Mr Koh Ban Heng's stepping down from the Board on 1 February 2021, Mr. Daniel Cuthbert Ee Hock Huat was appointed as the Chairman of the Board with effect from 1 February 2021. On 23 July 2021, the Board constituted the Investment Committee for the primary purpose of assisting the Board to guide KIT in exercising the spirit of enterprise as well as prudence to earn optimal risk-adjusted returns on invested capital in line with KIT's investment mandate. On 26 January 2022, the Board constituted the Board ESG Committee for the primary purpose of, among others developing and articulating KIT's ESG strategy as well as overseeing the matters that fall within the purview of the Board Safety Committee and Conflicts Resolution Committee. As such, following the constitution of the Board ESG Committee with effect from 26 January 2022, the Board Safety Committee and Conflicts Resolution Committee ceased concurrently on the same date. Following a review of the Board and composition of the Board committees:

- (a) Mr Daniel Cuthbert Ee Hock Huat was appointed as a member of the Nominating and Remuneration Committee and the Investment Committee with effect from 5 March 2021 and 23 July 2021 respectively. Following the cessation of the Conflicts Resolution Committee on 26 January 2022, Mr Daniel Cuthbert Ee Hock Huat was appointed as a member of the Board ESG Committee with effect from 26 January 2022;
- (b) Mr Kunnasagaran Chinniah ceased to be a member of each of the Conflicts Resolution Committee and Nominating and Remuneration Committee on 5 March 2021 and was appointed as a member of the Audit and Risk Committee and the Investment Committee on 5 March 2021 and 23 July 2021 respectively. Following the cessation of the Board Safety Committee on 26 January 2022, Mr Kunnasagaran Chinniah was appointed as Chairman of the Board ESG Committee with effect from 26 January 2022;
- (c) Mr Mark Andrew Yeo Kah Chong ceased to be a member of the Board Safety Committee and was appointed as a Member of the Nominating and Remuneration Committee on 5 March 2021;
- (d) Mr Thio Shen Yi was appointed as a member of the Board Safety Committee on 5 March 2021. Following the cessation of the Board Safety Committee on 26 January 2022, Mr Thio Shen Yi was appointed as a member of the Board ESG Committee with effect from 26 January 2022; and
- (e) Ms Chong Suk Shien was appointed as a Non-Executive Independent Director and member of the Board Safety Committee on 5 March 2021. Following the cessation of the Board Safety Committee on 26 January 2022, Ms Chong Suk Shien was appointed as a member of the Board ESG Committee with effect from 26 January 2022; and
- (f) Following the constitution of the Investment Committee on 23 July 2021, Ms Christina Tan Hua Mui was appointed as a Chairman of the Investment Committee.

CORPORATE GOVERNANCE

The Board, in concurrence with the NRC was of the view the current Board size of six members was appropriate, but would revisit the size and skill set mix from time to time. This is considering the nature, scope and requirements of KIT's businesses and the need to avoid disruptions from changes to the composition of the Board and Board committees. No individual or small group of individuals dominate the Board's decision making.

The nature of the Directors' appointments on the Board and details of their Board committee membership are set out on page 152. The NRC has recently conducted its assessment in January 2021 and is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age. The NRC is also satisfied that the Directors, as a group, possess core competencies including accounting or finance, legal and regulatory, business or management experience, industry knowledge, engineering strategic planning experience and customer-based experience or knowledge, required for the Board and the Board committees to be effective.

Board Independence

The NRC is also charged with determining the "independence" status of the directors annually. The composition of the Board complies with the BTR and comprises:

- (a) at least a majority of the directors who are independent from management and business relationships with the Trustee-Manager;
- (b) at least one-third of the directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- (c) at least a majority of the directors who are independent from any single substantial shareholder of the Trustee-Manager.

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of KIT), a Director must not have any:

- (a) management relationships with the Trustee-Manager or with any of its subsidiaries; and
- (b) business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations,

that could interfere with the exercise of his or her independent judgment with regard to the interests of all the Unitholders as a whole.

To be considered to be independent from a substantial shareholder of the Trustee-Manager, a Director must not be a substantial shareholder of the Trustee-Manager and is not connected to the substantial shareholder of the Trustee-Manager as provided under the BTR.

Under the 2018 Code, a Director who has no relationship with the Manager, its related companies, its 5% shareholders/unitholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of KIT, is considered to be independent.

The Trustee-Manager is wholly-owned by Keppel Capital which is in turn wholly-owned by Keppel Corporation Limited (Keppel Corporation). Keppel Infrastructure Holdings Pte. Ltd. (KI), a wholly-owned subsidiary of Keppel Corporation remains a sponsor of KIT and is the largest unitholder of KIT. Keppel Corporation and its related and associated companies have extensive business activities in offshore and marine, infrastructure, property sectors and investments. Temasek Holdings (Private) Limited (Temasek), by virtue of their interest in Keppel Corporation, is deemed a substantial shareholder of the Trustee-Manager.

The NRC carried out the review on the independence of each non-executive Director for FY 2021 in January 2022 based on the respective Directors' self-declaration in the Directors' Independence Checklist and their actual performance on the Board and Board committees, taking into account the BTR, listing rules on the circumstances in which a director will not be deemed independent and guidance in the 2018 Code as to the circumstances in which a director should not be deemed independent.

Taking into account the views of the NRC, the Board has determined that:

- (a) although Mr Daniel Cuthbert Ee Hock Huat is strictly not considered to be independent from Temasek, a deemed substantial shareholder of the Trustee-Manager according to the BTR, nonetheless, the Board considers that Mr Ee is an independent Director. Mr Ee is a director of Ascendas Funds Management (S) Limited (Ascendas), a subsidiary of Temasek. After review, the Board is satisfied that the above relationship will not interfere with Mr Ee's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Ee is an independent non-executive director of Ascendas, (ii) Mr Ee serves on the Board in his personal capacity, not as Temasek's representative, (iii) Mr Ee has declared he does not act in accordance with the instructions of Temasek, and (iv) Mr Ee has declared that he does not derive any compensation from Ascendas or Temasek other than remuneration received for his service as a director of Ascendas. Mr Ee has also consistently shown independent judgment in his deliberation of the interests of KIT. Mr Ee's participation in the Board will benefit KIT given his expertise. Mr Ee will however, abstain from the Board's decisions in relation to any matter which involves Temasek and its subsidiaries.
- (b) Mr Thio Shen Yi is independent from management and business relationships with the Trustee-Manager and independent from Keppel Corporation and Temasek.

- (c) Mr Mark Andrew Yeo Kah Chong is independent from management and business relationships with the Trustee-Manager and independent from Keppel Corporation and Temasek.
- (d) although Mr Kunnasagaran Chinniah is strictly not considered to be independent from Temasek, a deemed substantial shareholder of the Trustee-Manager according to the BTR, nonetheless, the Board considers that Mr Chinniah is an independent Director. Mr Chinniah is a director of certain subsidiaries of Temasek, including Azalea Asset Management Pte Ltd, Azalea Investment Management Pte Ltd, Astrea III Pte Ltd, Astrea IV Pte Ltd, Astrea V Pte Ltd and Astrea VI Pte Ltd. Mr Chinniah is also consultant to Pavilion Capital International Pte Ltd, a subsidiary of Temasek. After review, the Board is satisfied that the above relationships will not interfere with Mr Chinniah's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Chinniah is an independent non-executive director or consultant of certain subsidiaries of Temasek, (ii) Mr Chinniah serves on the Board in his personal capacity, not as Temasek's representative, (iii) Mr Chinniah has declared that he does not act in accordance with the instructions of Temasek, and (iv) Mr Chinniah has declared that he does not derive any compensation from Temasek other than remuneration received for his service as a director, advisor or consultant to certain subsidiaries of Temasek. Mr Chinniah is also an investment committee member of Keppel Asia Infra Fund (GP) Pte. Ltd. (KAIF), a wholly-owned subsidiary of Keppel Capital. After review, the Board is satisfied that the above relationship will not interfere with Mr Chinniah's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Chinniah's investment committee member role on KAIF is an independent non-executive role, (ii) he serves on the Board in his personal capacity, not as Keppel Capital's representative; (iii) Mr Chinniah is not an employee of Keppel Capital and does not act in accordance with the instructions of Keppel Capital, and (iv) Mr Chinniah does not derive any compensation from Keppel Capital other than remuneration received for his service as an investment committee member of KAIF.

The Board is of the view that Mr Chinniah has consistently shown independent judgment in his deliberation of the interests of KIT. Mr Chinniah's participation in the Board will benefit KIT given his expertise. Mr Chinniah will however, abstain from the Board's decisions in relation to any matter which involves Temasek and its subsidiaries and/or Keppel Capital.

- (e) Ms Chong Suk Shien is independent from management and business relationships with the Trustee-Manager and independent from Keppel Corporation and Temasek.
- (f) Ms Christina Tan Hua Mui is not considered to be independent from Keppel Corporation. Ms Tan is the Chief Executive Officer and a director of Keppel Capital and a director of several other companies within the Keppel Group, including Alpha Investment Partners Limited, Keppel REIT Management Limited and Keppel DC REIT Management Pte. Ltd.

The Chairman and CEO are separate persons, independent Directors currently comprise more than a majority of the Board, and the various Board committees are chaired by and comprise a majority of independent Directors. If the Chairman is conflicted, the Chairman of the Audit and Risk Committee will lead the Board. There is also a Conflicts Resolution Committee looking into matters of conflict and following the cessation of the Conflicts Resolution Committee and the constitution of the Board ESG Committee on 26 January 2022, the Board ESG Committee will continue to oversee matters of conflict therefrom. In addition, the Whistle-Blower Policy provides an independent mechanism for employees and other persons to raise any concerns, and matters under the policy are reported directly to the chairman of the Audit and Risk Committee. In light of the foregoing, the Board is of the view that it is not necessary, for the time being, to appoint a lead independent Director.

Taking into account the independence and diversity of the Board, the NRC is of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of KIT.

Annual review of Directors' time commitments

The NRC assesses annually whether a Director is able to and has been adequately carrying out his or her duties as a Director. Instead of fixing a maximum number of listed company board representation and/or other principal commitments that a Director may have, the NRC assesses holistically whether a director is able to and has been adequately carrying out his or her duties as a Director, taking into account the results of the assessment of the effectiveness of the individual Director, the level of commitment required of the Director's listed company board representations and/or other principal commitments, and the director's actual conduct and participation on the Board and board committees, including availability and attendance at regular scheduled meetings and ad-hoc meetings. The NRC is of the view that such an assessment is sufficiently robust to detect and address, on a timely basis, any time commitment issues that may hinder the effectiveness of the directors.

Taking into account the abovementioned factors, the NRC was of the view that each director has given sufficient time and attention to the affairs of KIT and the Trustee-Manager and has been able to discharge his or her duties as director effectively.

Key information regarding Directors

The following key information regarding the Directors is set out in the following pages of this Annual Report:

Pages 12 to 13: Academic and professional qualifications, Board committees served on (as a member or Chairman), date of first appointment as a Director, directorships or chairmanships both present and past held over the preceding five years in other listed companies and other major appointments, whether appointment is executive or non-executive;

Pages 179 to 181: The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Trustee-Manager is seeking endorsement by Unitholders at the annual general meeting; and

Page 186: unitholding in KIT as at 21 January 2022.

CORPORATE GOVERNANCE

BOARD MATTERS: BOARD PERFORMANCE

PRINCIPLE 5:

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its Board committees, and the contribution by each individual Director to the effectiveness of the Board.

Independent Coordinator: To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the Board members. Ernst & Young Advisory Pte. Ltd. ("EY"), was appointed for this role. EY does not have any other connection with KIT, the Trustee-Manager or any of the Directors.

Formal Process and Performance Criteria:

The evaluation processes are disclosed on page 177.

Objectives and Benefits: The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him or her to discharge his or her duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual director assessment exercise allowed for peer review with a view to raising the quality of Board members. It also assisted the NRC in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole, and in determining whether Directors with multiple listed board representations and other principal commitments were nevertheless able to and had adequately discharged their duties as Directors.

REMUNERATION REPORT

PRINCIPLE 6:

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

PRINCIPLE 7:

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

PRINCIPLE 8:

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The composition of the NRC has been set out on page 153. The NRC's responsibilities are set out at pages 173 to 174. The NRC currently comprises entirely of non-executive Directors, a majority of whom are independent Directors.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise Unitholder value. The NRC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, grant of units) and the specific remuneration packages for each Director and the key management personnel. The NRC also reviews the remuneration of the key management personnel of the Trustee-Manager and administers the Trustee-Manager's Unit-based incentive plans. In addition, the NRC reviews the Trustee-Manager's obligations arising in the event of termination of key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has access to expert advice from external remuneration consultants where required. In FY 2021, the NRC sought views from external remuneration consultants, Aon Hewitt and Willis Towers Watson, on market practice and trends, and benchmarks against comparable organisations. The NRC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants and has confirmed that the external remuneration consultants had no relationships with the Company which would affect their independence and objectivity.

ANNUAL REMUNERATION REPORT

Although the remuneration of the Directors and employees of the Trustee-Manager is paid by the Trustee-Manager, and not by KIT, the Trustee-Manager is disclosing information on the remuneration of its Directors, CEO and key management personnel.

Policy in respect of Non-Executive Directors' remuneration

Each non-executive Director's remuneration comprises a basic fee, an attendance fee that apply after 7 Board Meetings have been attended, and an additional fee for services performed on Board committees. The Chairman of the Board and of each Board committee are paid a higher fee compared with members of the Board and of each Board committee in view of the greater responsibility carried by that office. The directors' fee structure is regularly benchmarked with comparable listed companies to ensure that their remuneration is fair and appropriate.

In FY 2021, the NRC, in consultation with Willis Towers Watson, conducted a review of the non-executive Directors' fee structure. The review took into account a variety of factors, including prevailing market practices and referencing Directors' fees against comparable benchmarks as well as the roles and responsibilities of the Board and Board committees. Recognising that Directors have ongoing oversight responsibilities towards the Trustee-Manager, the Directors' fee structure includes payment of units in KIT (KIT Units) to Directors. The incorporation of an equity component in the total remuneration of the Directors is intended to achieve the objective of aligning the interests of the Directors with those of Unitholders and the long term interests of KIT. The Investment Committee fee will also be applied to the FY 2021 fee structure given the constitution of the Investment Committee.

The Directors' fee structure is as follows:

| | | |
|---|----------|---------------------|
| Main Board | Chairman | S\$90,000 per annum |
| | Director | S\$55,000 per annum |
| Audit and Risk Committee | Chairman | S\$36,000 per annum |
| | Member | S\$17,000 per annum |
| Nominating and Remuneration Committee | Chairman | S\$17,000 per annum |
| | Member | S\$9,000 per annum |
| Conflicts Resolution Committee ¹ | Chairman | S\$14,500 per annum |
| | Member | S\$7,500 per annum |
| Board Safety Committee ¹ | Chairman | S\$14,500 per annum |
| | Member | S\$7,500 per annum |
| Investment Committee ² | Chairman | S\$17,000 per annum |
| | Member | S\$9,000 per annum |

In FY 2021, each Director will receive additional attendance fee of S\$2,000 per Board Meeting. This attendance fee shall apply after 7 Board Meetings have been attended, which is in consideration of the amount of time committed by the Directors. Each of the Directors (including Chairman) will receive 70% of his/her total Director's fees in cash and the balance 30% in the form of KIT Units. The Director's fees for Ms Christina Tan will be paid in cash to Keppel Capital.

¹ On 26 January 2022, the Board constituted the Board ESG Committee for the primary purpose of, among others developing and articulating KIT's ESG strategy as well as overseeing the matters that fall within the purview of the Board Safety Committee and Conflicts Resolution Committee. As such, following the constitution of the Board ESG Committee with effect from 26 January 2022, the Board Safety Committee and Conflicts Resolution Committee ceased concurrently on the same date.

² The Investment Committee was constituted on 23 July 2021.

Remuneration policy in respect of CEO and Key Management Personnel

The Trustee-Manager advocates a performance-based remuneration system that is flexible and responsive to the market, KIT's and the individual employee's performance.

In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in achieving a balance between current versus long-term remuneration and between cash versus equity incentive remuneration, to attract, retain and motivate key management personnel for the longer term.

The current total remuneration structure reflects four key objectives:

- (a) Unitholder Alignment: To incorporate performance measures that are aligned to Unitholders' interest
- (b) Long-term Orientation: To motivate employees to drive sustainable long-term growth
- (c) Simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders
- (d) Synergy: To facilitate talent mobility and enhance collaboration across businesses

The total remuneration structure comprises three components; that is – annual fixed cash, annual performance bonus, and KIFM Unit Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances which the Trustee-Manager benchmarks against the relevant industry market median. The size of the Trustee-Manager's annual performance bonus pot is tied to KIT's financial and non-financial performance, and is distributed to employees based on their individual performance. The KIFM Unit Plans are in the form of two unit plans, the KIFM Restricted Unit Plan (RUP) and KIFM Performance Unit Plan (PUP). A portion of the annual performance bonus is granted in the form of deferred units that are awarded under the KIFM RUP. The KIFM PUP comprises performance targets determined on an annual basis which vests over a longer term horizon. The KIFM RUP and KIFM PUP are long-term incentive plans. Executives who have a greater ability to influence group outcomes have a greater proportion of their overall remuneration at risk. The Trustee-Manager performs regular benchmarking reviews on employees' total remuneration to ensure market competitiveness.

The NRC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of Unitholders and promote the long-term success of KIT. The mix of fixed and variable rewards is considered appropriate for the Trustee-Manager and for each individual role.

CORPORATE GOVERNANCE

The remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance. This link is achieved in the following ways:

1. by placing a significant portion of executive's remuneration at risk (at-risk component) and in some cases, subject to a vesting schedule;
 2. by incorporating appropriate key performance indicators (KPIs) for awarding annual cash incentives:
 - (a) there are four scorecard areas that the Trustee-Manager has identified as key to measuring its performance:
 - (i) Financial;
 - (ii) Process;
 - (iii) Customers & Stakeholders; and
 - (iv) People.
- Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibility activities, sustainability efforts, employee engagement, talent development and succession planning;
- (b) the four scorecard areas have been chosen because they support how the Trustee-Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Trustee-Manager's overall strategic goals;
 3. by selecting performance conditions for the KIFM PUP such as total unitholder returns for equity awards that are aligned with Unitholders' interests;
 4. by requiring those KPIs or conditions to be met in order for the at-risk component of remuneration to be awarded or to vest; and
 5. forfeiture of the at-risk component of remuneration when those KPIs or conditions are not met at a satisfactory level.

The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore in determining the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of the Trustee-Manager as well as the time horizon of risks, and incorporated risk-adjustments into the remuneration structure through several initiatives, including but not limited to:

- (a) prudent funding of annual performance bonus;
- (b) granting a portion of the annual performance bonus in the form of deferred units, to be awarded under the KIFM RUP;
- (c) vesting of contingent unit award under the KIFM PUP being subject to KPIs and/or performance conditions being met;
- (d) potential forfeiture of variable incentives in any year due to misconduct;
- (e) requiring the CEO to hold a minimum number of units under the unit ownership guideline; and
- (f) exercising discretion to ensure that remuneration decisions are aligned to the Company's long-term strategy and performance and discourage excessive risk taking.

The NRC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Manager's risk profile.

In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, set forth above, have been met. The NRC is of the view that remuneration is aligned to performance during FY 2021.

In order to align the interests of the CEO and key management personnel with that of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Trustee-Manager and are encouraged to hold such Units while they remain in the employment of the Trustee-Manager. Under the unit ownership guideline, the CEO is required to hold at least 2 times of their annual fixed pay in the form of Units, delivered under PUP and RUP, so as to maintain a beneficial ownership stake in KIT, thus further aligning their interests with Unitholders.

The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what have been disclosed.

In order not to hamper the Trustee-Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the industry where poaching of senior management is commonplace, the Trustee-Manager is disclosing the remuneration of the CEO and key management personnel (who are not Directors or the CEO) in bands of S\$250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel. The Trustee-Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of the Unitholders as (i) the NRC, which comprises a majority of independent directors, conducted reviews of the Manager's remuneration policies and packages; and (ii) sufficient information is provided on the Manager's remuneration framework to enable Unitholders to understand the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 158 to 161.

Long-Term Incentive Plans – KIFM Unit Plans

The KIFM RUP and the KIFM PUP (the KIFM Unit Plans) are long-term incentive schemes implemented by the Trustee-Manager in 2015. No employee share option schemes or share schemes have been implemented by KIT.

The KIFM Unit Plans are put in place to increase the Trustee-Manager's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term Unitholder value. The KIFM Unit Plans also aim to strengthen the Trustee-Manager's competitiveness in attracting and retaining talented key management personnel and employees. The KIFM RUP applies to a broader base of employees while the KIFM PUP applies to a selected group of key management personnel. The range of performance targets to be set under the KIFM PUP emphasise stretched targets aimed at sustaining longer-term growth.

The NRC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements, in misconduct resulting in restatement of financial statements or financial losses to KIT or the Trustee-Manager. Outstanding performance bonuses under the KIFM Unit Plans are also subject to the NRC's discretion before further payment or vesting can occur.

Level and mix of remuneration of Directors, CEO and Key Management Personnel for FY 2021

The level and mix of each of the Directors' remuneration are set out below:

| Remuneration & Names of Directors | Base/Fixed Salary (\$) | Variable or Performance-related Income/Bonuses (\$) | Directors' Fees ¹ (\$) | Benefits-in-Kind (\$) |
|---|------------------------|---|-----------------------------------|-----------------------|
| Daniel Cuthbert Ee Hock Huat ² | - | - | 149,968 | - |
| Thio Shen Yi ³ | - | - | 103,705 | - |
| Mark Andrew Yeo Kah Chong ⁴ | - | - | 119,741 | - |
| Kunnasagaran Chinniah ⁵ | - | - | 108,408 | - |
| Chong Suk Shien ⁶ | - | - | 63,712 | - |
| Christina Tan Hua Mui ⁷ | - | - | 91,545 | - |
| Koh Ban Heng ⁸ | - | - | 9,852 | - |

Notes

- ¹ Each of the Directors will receive 70% of his/her total Director's fee in cash and the balance 30% in the form of KIT Units unless otherwise stated.
- ² Mr Daniel Cuthbert Ee Hock Huat was appointed as Non-Executive Chairman of the Board on 1 February 2021 and was appointed as a member of the Nominating and Remuneration Committee and Investment Committee on 5 March 2021 and 23 July 2021 respectively. Fees are pro-rated accordingly.
- ³ Mr Thio Shen Yi was appointed as a member of the Board Safety Committee with effect from 5 March 2021. Fee is pro-rated accordingly.
- ⁴ Mr Mark Andrew Yeo Kah Chong ceased to be a member of the Board Safety Committee and was appointed as a member of the Nominating and Remuneration Committee with effect from 5 March 2021. Fees are pro-rated accordingly.
- ⁵ Mr Kunnasagaran Chinniah ceased to be a member of the Conflicts Resolution Committee and the Nominating and Remuneration Committee with effect from 5 March 2021 and was appointed as a member of the Audit and Risk Committee and Investment Committee on 5 March 2021 and 23 July 2021 respectively. Fees are pro-rated accordingly.
- ⁶ Ms Chong Suk Shien was appointed as Non-Executive Independent Director of the Board and a member of the Board Safety Committee on 5 March 2021. Fees are pro-rated accordingly.
- ⁷ Ms Christina Tan Hua Mui was appointed as Chairman of the Investment Committee on 23 July 2021. Fee is pro-rated accordingly. Her director's fee will be paid 100% in cash to Keppel Capital.
- ⁸ Mr Koh Ban Heng stepped down as Non-Executive Chairman of the Board on 1 February 2021, following which he ceased to be a member of the Audit and Risk Committee and the Nominating and Remuneration Committee on the same date. Fees are pro-rated accordingly and will be paid 100% in cash.

The level and mix of the remuneration of the CEO and each of the other key management personnel, in bands of S\$250,000, are set out below:

| Remuneration Band and Names of CEO and Key Management Personnel ⁽¹⁾ | Base/Fixed Salary | Variable or Performance-related Income/Bonuses ⁽²⁾ | Benefits-in-kind | Contingent award of units/shares PUP | RUP ⁽³⁾ |
|--|-------------------|---|------------------|--------------------------------------|--------------------|
| Above S\$500,000 to S\$750,000 | | | | | |
| Chiang Chang Jopy ⁽⁴⁾⁽⁵⁾ | 36% | 31% | 2% | - | 31% |
| Above S\$250,000 to S\$500,000 | | | | | |
| Liu Lei, Marc | 52% | 34% | 3% | - | 11% |
| Ng Tiang Poh, Eric ⁽⁶⁾ | 53% | 33% | 4% | - | 10% |

Notes

- ⁽¹⁾ The Trustee-Manager has less than five key management personnel other than the CEO. Mr Apurv Choudhary stepped down as the Head, Investment with effect from 19 April 2021. For the period from 1 January 2021 to 18 April 2021, Mr Choudhary earned total remuneration in the band of less than S\$250,000.
- ⁽²⁾ The NRC is satisfied that the quantum of performance-related bonuses earned by the CEO and key management personnel of the Trustee-Manager was fair and appropriate taking into account the extent to which their KPIs for FY 2021 were met.
- ⁽³⁾ As at 15 February 2022 (being the grant date for the contingent deferred units under the KIFM RUP), the volume-weighted average unit price granted in respect of the contingent awards under the KIFM RUP was S\$0.54.
- ⁽⁴⁾ Mr Chiang Chang Jopy was appointed as the Chief Executive Officer with effect from 1 August 2021. Mr Chiang succeeded Mr Matthew Rupert Pollard who stepped down as the Chief Executive Officer with effect from 1 August 2021. For the period from 1 January 2021 to 31 July 2021, Mr Pollard earned total remuneration in the band of S\$750,000 to S\$1,000,000.
- ⁽⁵⁾ In addition to the remuneration disclosed above, Chiang Chang Jopy was granted performance shares on a one-off basis under the five-year Keppel Corporation Limited ("KCL") Performance Share Plan ("PSP") 2020 – Transformation Incentive Plan ("TIP") on 30 July 2021. Shares awarded under the KCL PSP 2020-TIP are subject to pre-determined performance targets over a five-year performance period. As at 30 July 2021, being the grant date for the contingent awards under the KCL PSP 2020-TIP, the estimated value of each share was S\$0.98. The total allocation value of the awards is estimated at S\$88,200. For the KCL PSP 2020 - TIP, the figures are based on the value of the PSP-TIP shares at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.
- ⁽⁶⁾ Mr Ng Tiang Poh, Eric was appointed as Chief Financial Officer with effect from 1 August 2021.

Remuneration of employees who are substantial shareholders/Unitholders or immediate family members of a Director, CEO or a substantial shareholder/Unitholder

No employee of the Trustee-Manager was a substantial shareholder of the Trustee-Manager or a substantial unitholder of Keppel Infrastructure Trust or an immediate family member of a Director, the CEO, a substantial shareholder of the Trustee-Manager or a substantial unitholder of Keppel Infrastructure Trust and whose remuneration exceeded S\$100,000 during FY 2021. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

CORPORATE GOVERNANCE

AUDIT COMMITTEE

PRINCIPLE 10:

The Board has an Audit Committee which discharges its duties objectively.

The Board is responsible to Unitholders for providing a balanced and understandable assessment of KIT's performance, position and prospects, including interim and other price-sensitive public reports, and reports to regulators, if required.

The Board has embraced openness and transparency in the conduct of KIT's affairs, whilst preserving the commercial interests of KIT. Financial reports and other price-sensitive information are disseminated to Unitholders through announcements via SGXNet, press releases, KIT's website as well as media and analyst briefings.

KIT's Annual Report is accessible on KIT's website. In line with KIT's drive towards sustainable development, KIT encourages Unitholders to read the Annual Report on KIT's website. Unitholders may however request for a physical copy at no cost.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of KIT's performance, position and prospects on a periodic basis and as the Board may require from time to time. Such reports keep the Board members informed of KIT's performance, position and prospects.

Audit and Risk Committee

The Audit and Risk Committee (ARC) has been appointed by the Board from among its members and in FY 2021, comprises the following non-executive Directors, all of whom are independent:

| | |
|---------------------------------|----------|
| Mr Mark Andrew Yeo Kah Chong | Chairman |
| Mr Daniel Cuthbert Ee Hock Huat | Member |
| Mr Kunnasagaran Chinniah | Member |

Mr Koh Ban Heng stepped down from the Board on 1 February 2021, following which he ceased to be a member of the Audit and Risk Committee on the same date. Mr Kunnasagaran Chinniah was appointed as a member of the Audit and Risk Committee on 5 March 2021. All members of the ARC have accounting or related financial management expertise or experience. Thus, the Board is of the view that all members of the ARC are suitably qualified to assist the Board in areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over management in the design, implementation and monitoring of risk management and internal control systems.

None of the ARC members were former partners or directors of the external auditor of KIT, Deloitte & Touche LLP, within the last 2 years or hold any financial interest in Deloitte & Touche LLP.

The ARC's primary role is to assist the Board to ensure integrity of financial reporting and that a sound internal control and risk management system is in place. The ARC's responsibilities are set out on pages 172 to 173 of the Appendix hereto.

The ARC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources (including access to external consultants) to enable it to discharge its functions properly. For FY 2021, the internal audit functions of KIT and the Trustee-Manager were performed by Keppel Corporation's Group Internal Audit department (Internal Audit). Internal Audit, together with the external auditor, reported their findings and recommendations independently to the ARC. KIT had obtained Unitholders' approval on 20 April 2021 to re-appoint Deloitte & Touche LLP as the external auditor of KIT to hold office until the conclusion of the next AGM of KIT.

A total of six ARC meetings were held in 2021. In addition, the ARC met with the external auditor and internal auditor at least once during the year without the presence of Management. The ARC reviewed and approved the internal auditor's and external auditor's plans to ensure that the scope of audit was sufficient for the purposes of reviewing the significant internal controls and the financial statement audits of KIT and the Trustee-Manager. Such significant controls comprise financial, operational, compliance and information technology controls, and risk management. All significant audit findings and recommendations put up by the internal auditor and external auditor were forwarded to the ARC. Significant issues were discussed at these meetings.

In addition, the ARC undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees paid or payable to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence.

For FY 2021, aggregate fees of approximately S\$1,768,000, comprising audit fees of approximately S\$1,121,000 and non-audit fees of S\$647,000 were paid or payable to the external auditor.

KIT has complied with Rule 712, and Rule 715 read with Rule 716 of the Listing Manual in relation to the appointment of its auditing firms.

The ARC also performed independent review of the financial statements of KIT before the announcement of KIT's half yearly results and full year results. In the process, the ARC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have had a material impact on the financial statements.

In its review of the financial statements of KIT for FY 2021, the ARC reviewed the key areas of Management's estimates and judgment applied for key financial issues, which include valuation and assessment of impairment of assets, that might affect the integrity of the financial statements. The ARC also considered the report from the external auditor, including their findings on the key audit matters as set out in the independent auditor's report for FY 2021.

| Key Audit Matters | Review by ARC |
|---|--|
| Impairment of Assets – property, plant and equipment, finite-life intangible assets, investments in and advances to subsidiaries and goodwill | The ARC considered the methodology applied in determining the valuation and value-in-use of different asset classes, including the reasonableness of the estimates and key assumptions used. |
| | The ARC concurs with the Management's assessment. |

Changes to accounting standards and issues which have a direct impact on the financial statements were reported to the ARC by the Trustee-Manager and highlighted by the external auditor in their report to the ARC. In addition, the ARC members were also invited to the topical sharing webinar hosted by Deloitte & Touche LLP, where relevant changes to the accounting standards that will impact KIT were shared by, and discussed with the firm's representatives from the advisory departments.

In 2021, the ARC reviewed the "Whistle-Blower Policy" which provides the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

To facilitate the management of incidences of alleged fraud or other misconduct, the ARC follows a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the ARC reviews the Whistle-Blower Policy annually to ensure that it remains current. The details of the Whistle-Blower Policy are set out on pages 177 to 178.

On a quarterly basis, Management reported to the ARC the interested person transactions (IPTs) in accordance with KIT's Unitholders' Mandate (as defined below) for IPTs. The IPTs were reviewed by the internal auditor and all findings, if any, were reported during the ARC meetings.

RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 9:

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board, supported by the ARC, oversees the Trustee-Manager's and KIT's system of risk management and internal controls. It is guided by a set of Risk Tolerance Guiding Principles as detailed under the "Risk Management" section on pages 184 to 185 of this Annual Report.

The ARC assists the Board in the effective discharge of its responsibilities in ensuring that the Trustee-Manager and KIT maintain a sound system of risk management and internal controls to safeguard KIT's assets and Unitholders' interests. The ARC reviews and guides the Trustee-Manager in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, and ensures that the Trustee-Manager has put in place internal control policies and procedures in areas such as financial, operational, compliance, information technology controls, and risk management.

Recognising and managing risks in a timely and effective manner is essential to the business of KIT and to protecting Unitholders' interests and value. KIT operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risks lies with the Trustee-Manager, working within the overall strategy outlined by the Board. The Trustee-Manager has appointed experienced and well-qualified Operation and Maintenance (O&M) teams and contractors to handle KIT's assets' day-to-day operations.

The Trustee-Manager's internal auditor and external auditor conduct an annual review of the adequacy and effectiveness of KIT's and the Trustee-Manager's material internal controls, including financial, operational, compliance and information technology controls. Any material non-compliance or failure in internal controls and significant risk matters, and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal auditor and external auditor.

The Board met four times in FY 2021 to review the financial performance of KIT during the year. During FY 2021, the Board also discussed the key business risks for KIT and the risk management policies and procedures that Management had put in place.

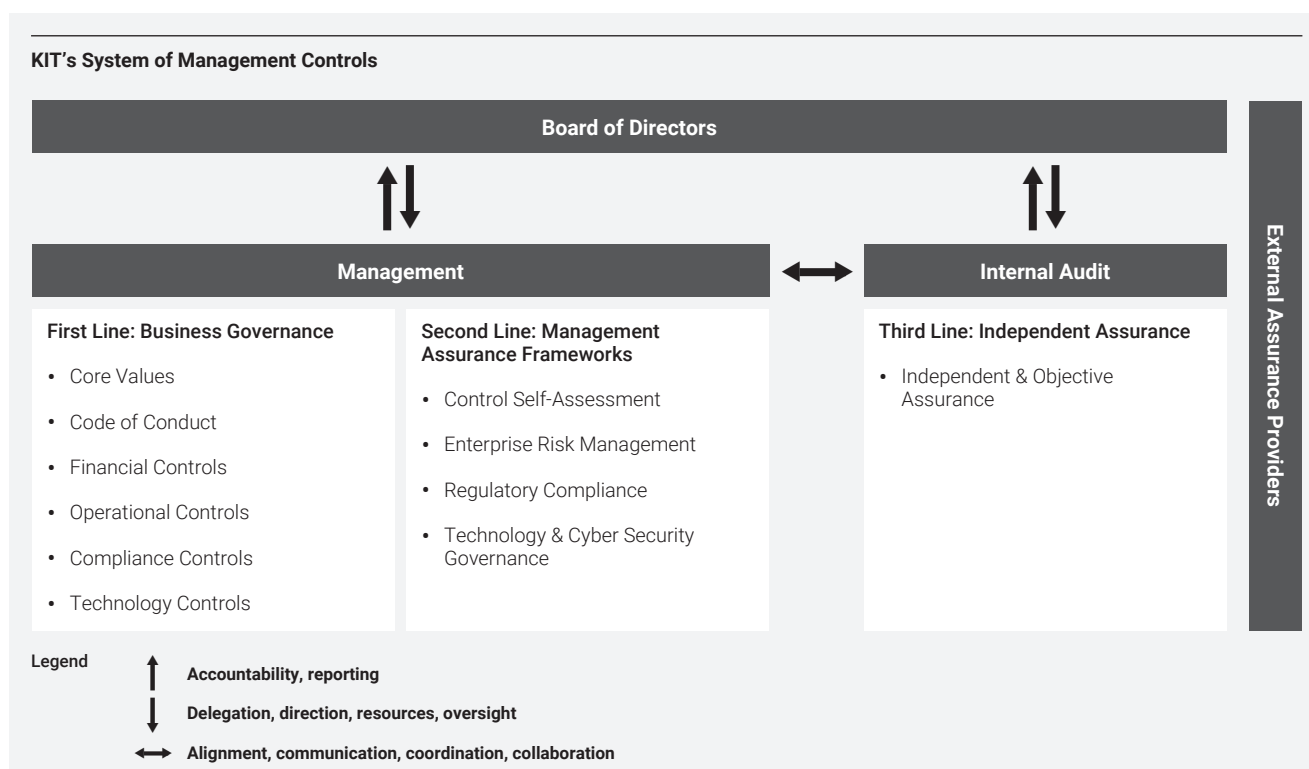
In assessing business risks, the Board takes into consideration the economic environment, the risks relevant to the infrastructure industry, the risks particular to KIT and the procedures put in place by the O&M teams and contractors. The Trustee-Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. The Trustee-Manager's approach to risk management and internal controls and the management of key business risks are set out in the "Risk Management" section on pages 184 to 185 of this Annual Report.

CORPORATE GOVERNANCE

The Trustee-Manager has in place a framework to facilitate the Board's assessment on the adequacy and effectiveness of the Trustee-Manager's and KIT's risk management system (the "Assessment Framework"). The Assessment Framework lays out the governing policies, processes and systems pertaining to each of the identified business risk areas, and assessments are made on the adequacy and effectiveness of such policies, processes and systems. The Board reviews both the assessments and the framework and opines on any gaps or areas of improvement.

The Risk Tolerance Guiding Principles and Assessment Framework are reviewed and updated annually.

In addition, the Trustee-Manager and KIT have in place the KIT's System of Management Controls ("KSMC") outlining its internal control and risk management processes and procedures. KSMC comprises the Three Lines Model to ensure the adequacy and effectiveness of the Trustee-Manager's and KIT's system of internal controls and risk management.



Under the First Line of Business Governance, management, supported by their respective line functions and committees, are responsible for the identification and mitigation of risks (including financial, operational, compliance and technology risks) facing KIT and the Trustee-Manager in the course of running their business. Appropriate policies, procedures and controls are implemented and operationalised in line with KIT's and the Trustee-Manager's risk appetite to address such risks.

Employees are also guided by the KIT Group's Core Values and are expected to comply strictly with KIT's Code of Conduct.

Under the Second Line, Management Assurance Frameworks are established to enable oversight and governance over operations and activities undertaken by management under the First Line.

- KIT and the Trustee-Manager are required to conduct a control self-assessment exercise ("CSA") to assess the status of their respective internal controls on an annual basis. The annual CSA exercise is overseen by the Control Assurance team of Keppel Corporation Limited. Remedial actions are implemented to address all control gaps identified during the CSA exercise.
- Under KIT's Enterprise Risk Management Framework, significant risk areas are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks.
- Regulatory Compliance works alongside business management to ensure that relevant policies, processes, and controls are effectively designed, implemented and managed to mitigate compliance risks that KIT and the Trustee-Manager face in the course of their business.
- KIT leverages on the Technology Governance Framework overseen by Group Information Technology of Keppel Corporation Limited. The Technology Governance Framework aims to align technology strategy to enterprise vision, whilst strengthening technology controls and security and manage technology risks for KIT and the Trustee-Manager. This framework was further strengthened in January 2021 with the formalisation of an enhanced Keppel Group Cyber Security Governance structure which includes the repurposing of Keppel's existing IT Security Operations Centre into a Cyber Security Centre with enhanced capabilities to ensure that the baseline security posture is maintained, and is overseen by a dedicated Keppel Group Cyber Security function which drives the enterprise vision, strategy and programme to ensure that KIT's and the Trustee-Manager's technology assets are adequately protected. The Technology Governance and Cyber Security Governance Frameworks balance strategic technology adoption, business resiliency and security outcomes towards effective business continuity and technology risk mitigations.

The Third Line comprises independent assurance from internal audit, as well as external audit performed by external assurance providers. Internal audit provides the Board and senior management with independent assurance over the adequacy and effectiveness of the system of internal controls, risk management and governance, while external audit considers the internal controls relevant to the Trustee-Manager's preparation of financial statements and performs tests on such internal controls where they are assessed to be necessary in support of the audit opinion issued on the financial statements of KIT and the Trustee-Manager.

The Board has received assurances from the CEO and CFO that, amongst others, as at 31 December 2021:

- (a) the financial records of KIT have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Trustee-Manager and KIT;
- (b) the internal controls of the Trustee-Manager and KIT are adequate and effective to address the financial, operational, compliance and information technology risks which the Trustee-Manager considers relevant and material to its current business scope and environment and that they are not aware of any material weakness in the system of internal controls; and
- (c) they are of the view that the Trustee-Manager's and KIT's risk management system is adequate and effective.

Based on the internal controls and enterprise-wide risk management framework established and maintained by the Trustee-Manager, work performed by internal and external auditors, and reviews performed by management and the ARC, as well as the assurances set out above, the Board is of the view that, as at 31 December 2021, the Group's internal controls (including financial, operational, compliance and IT controls) and risk management system were adequate and effective to address the risks which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud and other irregularities.

The ARC concurs with the Board's view that, as at 31 December 2021, the Group's internal controls (including financial, operational, compliance and IT controls) and risk management systems were adequate and effective to address the risks which the Group considers relevant and material to its operations.

INTERNAL AUDIT

The internal audit function of the Trustee-Manager and KIT is performed by Internal Audit. The role of the internal auditor is to provide independent assurance to the ARC that the Trustee-Manager and KIT maintain a sound system of internal controls by performing risk-based reviews of key controls and procedures and their effectiveness, undertaking investigations as directed by the ARC, and conducting regular in-depth audits of high risk areas.

Staffed by suitably qualified executives, Internal Audit has unrestricted access to the ARC and to all of the Trustee-Manager's and KIT's documents, records, properties and personnel. The Head of Internal Audit's primary line of reporting is to the Chairman of the ARC.

As a member of the Institute of Internal Auditors (IIA), Internal Audit is guided by the International Standards for the Professional Practices of Internal Auditing set by the IIA. External quality assessment reviews are carried out at least once every 5 years by qualified professionals, with the last assessment conducted in 2021. The results reaffirmed that the internal audit activity conforms to the International Standards for the Professional Practice of Internal Auditing.

The professional competence of Internal Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, as well as relevant subject matter.

During the year, Internal Audit adopted a risk-based approach to audit planning and execution that focuses on significant risks, including financial, operational, compliance and information technology risks. An annual audit plan is developed using a structured risk and control assessment framework. Internal Audit's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. A summary of findings and recommendations are discussed at the ARC meetings. To ensure timely and proper closure of audit findings, the status of implementation of the actions agreed by Management is tracked and discussed with the ARC.

The ARC reviewed and is satisfied that Internal Audit is independent, adequately resourced and effective in performing its functions and has appropriate standing within KIT and the Trustee-Manager.

CORPORATE GOVERNANCE

Board Safety Committee

In FY 2021, the Board had a Board Safety Committee that consisted entirely of independent Directors:

| | |
|--------------------------|----------|
| Mr Kunnasagaran Chinniah | Chairman |
| Mr Thio Shen Yi | Member |
| Ms Chong Suk Shien | Member |

On 5 March 2021, Mr Mark Andrew Yeo Kah Chong ceased to be a member of the Board Safety Committee and Mr Thio Shen Yi and Ms Chong Suk Shien were both appointed as members of the Board Safety Committee. On 26 January 2022, the Board constituted the Board ESG Committee for the primary purpose of, among others developing and articulating KIT's ESG strategy as well as overseeing the matters that fall within the purview of the Board Safety Committee and Conflicts Resolution Committee. As such, following the constitution of the Board ESG Committee with effect from 26 January 2022, the Board Safety Committee ceased concurrently on the same date.

The detailed responsibilities of the Board Safety Committee, which have been subsumed under the responsibilities of the Board ESG Committee as of 26 January 2022, are disclosed at pages 175 to 176.

Board ESG Committee

On 26 January 2022, the Board constituted the Board ESG Committee for the primary purpose of, among others developing and articulating KIT's ESG strategy as well as overseeing the matters that fall within the purview of the Board Safety Committee and Conflicts Resolution Committee. As such, following the constitution of the Board ESG Committee with effect from 26 January 2022, the Board Safety Committee ceased concurrently on the same date. As of the date of this Annual Report, the Board ESG Committee comprised of four independent Directors:

| | |
|---------------------------------|-------------------------------------|
| Mr Kunnasagaran Chinniah | Chairman |
| Mr Daniel Cuthbert Ee Hock Huat | Member |
| Mr Thio Shen Yi | Member |
| Ms Chong Suk Shien | Member (appointed on March 5, 2021) |

The detailed responsibilities of the Board ESG Committee are disclosed at pages 175 to 176.

UNITHOLDER RIGHTS, CONDUCT OF UNITHOLDER MEETINGS AND ENGAGEMENT WITH UNITHOLDERS AND STAKEHOLDERS

PRINCIPLE 11:

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

PRINCIPLE 12:

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

PRINCIPLE 13:

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

In addition to the matters mentioned above in relation to "Access to Information/Accountability", the Trustee-Manager regularly communicates with Unitholders, and promptly addresses investors' queries and concerns.

All Unitholders are treated fairly and equitably, and the Trustee-Manager strives to provide timely corporate updates to its Unitholders and stakeholders, including changes in KIT and/or its businesses, which may have material impact to the price or value of its Units.

The Trustee-Manager has in place an Investor Relations (IR) Policy which sets out the principles and practices that it applies when providing Unitholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The IR Policy is published on KIT's website at www.kepinfratrust.com, and is reviewed regularly to ensure relevance and effectiveness.

The Trustee-Manager employs various platforms to enhance its outreach to Unitholders, with an emphasis on timely, accurate, fair and transparent disclosure of information. Material information is disclosed in a comprehensive, accurate and timely manner through the SGX via SGXNet and/or media releases, as well as via KIT's website. The Trustee-Manager ensures that unpublished price-sensitive and trade-sensitive information is not selectively disclosed, and on the rare occasion when such information is inadvertently disclosed, it is immediately released to the public through the SGX via SGXNet and/or media releases, as well as via KIT's website.

KIT, being a business trust, is allowed to pay distributions to Unitholders out of its retained cash and residual cash flows, in accordance with its distribution policy as set out in KIT's trust deed. This is unlike companies, which are governed by the Companies Act, and can only make dividend payments out of accounting profits.

Unitholders are kept abreast of the latest announcements and updates on KIT via its corporate website. The Trustee-Manager also keeps the investment community apprised of corporate developments through regular meetings and conference calls. In addition, the Trustee Manager engages with investors regularly to update them on the performance and prospects of KIT, thereby building trust, rapport and ensuring effective two-way communication with the investment community.

In 2021, the Trustee-Manager engaged more than 220 global investors and analysts through virtual platforms including webinars, online conferences and meetings, as well as conference calls. The Trustee-Manager also continued its engagement with the retail investment community through online dialogue sessions and virtual events.

The Trustee-Manager also participated widely in local and global conferences to engage with investors and understand their views. More details on the Trustee Manager's investor relations activities are found on pages 28 to 29 of this Annual Report.

The Trustee-Manager ensures that Unitholders have the opportunity to participate effectively and vote at Unitholders' meetings. Unitholders are informed of such meetings through annual reports or circulars sent to all Unitholders and/or notices published in the newspapers, KIT's website and through the SGX via SGXNet. Unitholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. Unitholders are also informed of the rules, including voting procedures, governing such meetings.

In accordance with the BTA and the KIT trust deed, if any Unitholder is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance.

In compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation issued on the conduct of general meetings, KIT's AGM was held virtually on 20 April 2021. To facilitate Unitholders participation, Unitholders were encouraged to submit their questions and proxy votes ahead of the AGM and register to view the live webcast of the AGM proceedings. All AGM resolutions were polled in advance and an independent scrutineer was appointed to verify the votes, validate the voting procedures and oversee the process. Results of the AGM were announced during the meeting. Minutes of the meeting, as well as responses to relevant and substantial questions from Unitholders were subsequently published on SGX and made available on KIT's website at www.kepinfratrust.com.

Where possible, all the Directors will attend Unitholders' meetings. In particular, the chairmen of the Board and the Board committees are required to be present to address questions at general meetings. The external auditor is also present at such meetings to assist the Directors to address Unitholders' queries, if necessary. The number of Unitholders' meetings held in FY 2021, as well as the attendance of each Board member, are disclosed in the following table:

| Director | Unitholders' Meetings Attended |
|--|--------------------------------|
| Daniel Cuthbert Ee Hock Huat | 1 |
| Thio Shen Yi | 1 |
| Mark Andrew Yeo Kah Chong | 1 |
| Kunnasagaran Chinniah | 1 |
| Chong Suk Shien | 1 |
| Christina Tan Hua Mui | 1 |
| No. of Meetings held in FY 2021 | 1 |

The Trustee-Manager will not be implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretaries prepare minutes of Unitholders' meetings, which incorporate substantial comments or queries from Unitholders and responses from the Board and Management. These minutes are uploaded on SGX via SGXNET and published on KIT's website.

Investment Committee

On 23 July 2021, the Board constituted Investment Committee for the primary purpose of assisting the Board to guide KIT in exercising the spirit of enterprise as well as prudence to earn optimal risk-adjusted returns on invested capital in line with KIT's investment mandate. In FY 2021, the Investment Committee comprised of two independent Directors:

| | |
|---------------------------------|----------|
| Ms Christina Tan Hua Mui | Chairman |
| Mr Daniel Cuthbert Ee Hock Huat | Member |
| Mr Kunnasagaran Chinniah | Member |

The detailed responsibilities of the Investment Committee are disclosed at page 175.

CORPORATE GOVERNANCE

SECURITIES TRANSACTIONS

Insider Trading Policy

The Trustee-Manager has a formal Insider Trading Policy on dealings in the securities of KIT, which sets out the implications of insider trading and guidance on such dealings, including the prohibition on dealing with KIT's securities on short-term considerations. The policy has been distributed by the Trustee-Manager to its Directors and officers. In FY 2021, the Trustee-Manager issued circulars to its Directors and officers informing that the Trustee-Manager and its officers must not deal in listed securities of KIT if they are in possession of unpublished price-sensitive information, and during the period commencing one month before the release of the half year and full year results and ending on the date of the announcement of the relevant results, this being consistent with Rule 1207(19) of the Listing Manual.

Dealing in Securities Policy

In addition to the Insider Trading Policy, the Trustee-Manager has a formal Dealing in Securities Policy, which applies to all employees and the securities accounts that employees have a beneficial interest. Pursuant to this policy, the trading of rights and the subscription of excess rights of KIT's Units are subject to trade clearance/restrictions. In general, a list of securities which employees are not allowed to trade without pre-clearance from the Keppel Capital compliance team is maintained. All employees must, before trading, check if the intended securities are listed on this restricted list. The restricted list is broadcasted to all employees at the beginning of each week and as and when it is updated. In addition, the policy also states that all employees should not trade on short-term considerations or be engaged in same day turnaround trades or swing trading.

CONFLICTS OF INTERESTS

General

In FY 2021, the Board had a Conflicts Resolution Committee that consisted entirely of independent Directors:

| | |
|---------------------------------|----------|
| Mr Daniel Cuthbert Ee Hock Huat | Chairman |
| Mr Thio Shen Yi | Member |

On 5 March 2021, Mr Kunnasagaran Chinniah ceased to be member of the CRC. On 26 January 2022, the Board constituted the Board ESG Committee for the primary purpose of, among others developing and articulating KIT's ESG strategy as well as overseeing the matters that fall within the purview of the Board Safety Committee and Conflicts Resolution Committee. As such, following the constitution of the Board ESG Committee with effect from 26 January 2022, the Conflicts Resolution Committee ceased concurrently on the same date.

The roles and responsibilities of the CRC, which have been subsumed under the responsibilities of the Board ESG Committee as of 26 January 2022, are set out in detail below and on pages 175 to 176.

In FY 2021, the CRC's primary role was to review conflicts or potential conflicts of interest that may arise from time to time in the course of KIT's business or operations between (i) KIT and (ii) any Director or officer of the Trustee-Manager, any controlling Unitholder (as defined in the Listing Manual), or any controlling shareholder of the Trustee-Manager (as defined in the Listing Manual).

The CRC had adopted the following framework to resolve such conflicts or potential conflicts of interest:

- (a) first, to identify the conflict or potential conflict and then assess and evaluate its nature and extent; and
- (b) then, to develop and implement one or more appropriate measures with the aim of controlling, avoiding or mitigating such conflict or potential conflict.

The CRC applied this framework both in the course of day-to-day conduct of business, as well as in the specific instances when a particular acquisition or disposal was contemplated. In the course of day-to-day conduct of business, all Directors, officers and employees of the Trustee-Manager are obliged to keep strictly confidential all matters received by them in the course of their service to the Trustee-Manager (including without limitation information relating to potential acquisition or disposal opportunities) and not disclose any such matter to any other person.

As an example, when the Trustee-Manager identifies an acquisition or disposal target and seeks the approval of the Board to pursue the transaction:

- (a) Each Director and officer of the Trustee-Manager would be obliged to disclose to the CRC whether he or she, as far as he or she was aware, his or her affiliates (including family members, companies of which he or she was a significant shareholder, director or employee) have an interest in pursuing the same target (Potential Conflict of Interest);
- (b) If any Director or officer of the Trustee-Manager disclosed to the CRC that he or she or his or her affiliates have a Potential Conflict of Interest, the CRC would consider the nature and extent of the Potential Conflict of Interest and develop such measures as may be appropriate to address these issues (including, where material, disclosure of such measures to Unitholders at the appropriate time);
- (c) As part of such measures, the CRC may require the relevant Director or officer of the Trustee-Manager to either abstain from participating in the deliberations of the Board on the transaction, or abstain from voting in the transaction, or both;
- (d) The CRC would monitor the implementation by the Trustee-Manager of the measures imposed by the CRC in order to resolve or mitigate the Potential Conflict of Interest; and

- (e) The obligation on the Director and officer of the Trustee-Manager to make disclosures to the CRC, and on the CRC to review, a Potential Conflict of Interest in relation to any particular transaction is an ongoing obligation and lasts for so long as that transaction is still on-going. This obligation is not imposed only at the start of the transaction. Thus, if in the course of considering the transaction, a Director or officer of the Trustee-Manager should learn of a Potential Conflict of Interest, then that Director or officer of the Trustee-Manager is required as soon as practicable to make the necessary disclosure to the CRC so that the CRC may consider such matters and take the necessary actions.

The CRC would periodically review the framework to ascertain how it has worked out in practice and, where appropriate, would consider and implement further measures to fine-tune the framework so as to make it better suited to the potential conflict issues that the Trustee-Manager may face, including procedures to ensure that no controlling Unitholder or controlling shareholder of the Trustee-Manager would be able to influence the evaluation of potential acquisitions, disposals or other transactions in a manner contrary to the interests of Unitholders as a whole.

The CRC would have the power to appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the CRC to discharge its duties to the Unitholders. The independent adviser may also be called on to provide an opinion as to whether the procedures recommended by the CRC to resolve or mitigate conflicts or potential conflicts are carried out in an appropriate and effective manner.

The framework will be in place for so long as (i) the Trustee-Manager remains as the Trustee-Manager of KIT; (ii) Keppel Capital, its related corporations and/or any of its associates remain as controlling shareholders (as defined in the Listing Manual) of the Trustee-Manager or in fact exercise control (as defined in the Listing Manual) over the Trustee-Manager; and (iii) KI remains as a controlling Unitholder of KIT. Following the constitution of the Board ESG Committee on 26 January 2022, the roles and responsibilities of the CRC, including the framework and additional guidelines adopted by the CRC, have been subsumed under the responsibilities of the Board ESG Committee as of 26 January 2022, and are set out in detail on pages 175 to 176.

Specific potential conflict of interest

There may be potential conflict of interests between KIT, Keppel Capital, Keppel Capital group entities (ie. a subsidiary entity, trust or undertaking of Keppel Capital, excluding for the avoidance of doubt each of the Trustee-Manager and its subsidiary entities, trusts and undertakings), KI and other KI group entities (ie. a subsidiary entity, trust or undertaking of KI).

Although the Trustee-Manager is a wholly-owned subsidiary of Keppel Capital, its Board composition includes five independent Directors which make up more than the majority of the Board. All the Directors and officers of the Trustee-Manager have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceeding of the Board unless expressly invited to by the Board and shall abstain from voting in respect of any such transaction where the conflict arises, unless (in the case of interested person transactions) the ARC or (in the case of a conflicts of interest) the CRC (or with effect from 26 January 2022, the Board ESG Committee) has determined that there is no such interest or conflict of interest.

In respect of matters of KIT which Keppel Corporation, Keppel Capital, KI and/or their subsidiaries have an interest, direct or indirect, Ms Christina Tan shall abstain from voting in view of her directorship or employment (where applicable) with Keppel Corporation, Keppel Capital and/or their subsidiaries. In respect of matters of KIT which Keppel Capital have an interest, direct or indirect, Mr Kunnasagaran Chinniah shall abstain from voting in view of his role as an investment committee member of Keppel Asia Infra Fund (GP) Pte. Ltd., a wholly-owned subsidiary of Keppel Capital. In respect of matters of KIT which Temasek and/or its subsidiaries have an interest, direct or indirect, Mr Daniel Ee shall abstain from voting in view of his directorship on a subsidiary of Temasek and Mr Kunnasagaran Chinniah shall also abstain from voting in view of his directorship with and in his capacity as advisor or consultant to certain subsidiaries of Temasek. In such matters, the quorum will comprise a majority of the rest of the independent Directors of the Trustee-Manager. Such matters will fall also within the purview of the ARC.

KI and its associates cannot vote their Units at, or be part of a quorum for, any meeting of Unitholders convened to approve any matter in which KI or any of its associates has a material interest in the business to be conducted.

In addition, if the Trustee-Manager is required to decide whether to take action against any person in relation to a breach of any agreement entered into by the Trustee-Manager for and on behalf of KIT with an interested party of the Trustee-Manager, the Trustee-Manager shall consult with a reputable law firm for legal advice on the matter. For example, if there is a breach of an O&M agreement, the Trustee-Manager will be required to consult a reputable law firm for legal advice on the matter.

Disclosure of conflicts or potential conflicts of interest

During FY 2021, the CRC reviewed conflicts or potential conflicts of interest in the course of KIT's business or operations between (i) KIT and any (ii) Director or officer of the Trustee-Manager, controlling Unitholder, or controlling shareholder of the Trustee-Manager.

KIT CODE OF CONDUCT

The Trustee-Manager adheres to the KIT Enhanced Code of Conduct which establishes a culture of high integrity and reinforces ethical business practices.

This policy addresses, at the employee level, the standards of acceptable and unacceptable behaviour and personal decorum as well as issues of workplace harassment. On the business front, the policy addresses the standards of business behaviour including anti-corruption, the offering and receiving of gifts, hospitality and promotional expenditures as well as conflicts of interests. The policy also requires all staff to avoid any conflict between their own interests and the interests of the Trustee-Manager and KIT Group in dealing with its suppliers, customers and other third parties.

CORPORATE GOVERNANCE

The policy requires business to be conducted with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. Relevant anti-corruption measures are also spelt out to protect the business, resources and reputation of KIT and the Trustee-Manager. Employees must not offer or authorise the giving, directly or through third parties, of any bribe, kickback, illicit payment, benefit-in-kind or any other advantage to any person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Similarly, employees must not solicit or accept illicit payment, directly or indirectly, from any person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.

New employees are briefed on the policy when they join the Trustee-Manager. Subsequently, all employees are required to acknowledge the policy annually to ensure awareness.

INTERESTED PERSON TRANSACTIONS

The Trustee-Manager's Internal Control System

The Trustee-Manager has established an internal control system to ensure that all IPTs are undertaken on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders.

On 20 April 2021, the Trustee-Manager obtained a general mandate from KIT's Unitholders pursuant to Chapter 9 of the Listing Manual (Unitholders' Mandate) to enable KIT, a subsidiary of KIT or an associated company of KIT (collectively the Entities at Risk or EAR Group), as the term is used in the Listing Manual, in the ordinary course of their business, to enter into IPTs with interested persons which are necessary for the day-to-day operations of KIT, provided that such transactions are made on normal commercial terms and are not prejudicial to KIT and its minority Unitholders. The Unitholders' Mandate remains in force until the next AGM.

In view of the time-sensitive nature of commercial transactions and the frequency of commercial transactions between members in the EAR Group and KIT's interested persons, it would be advantageous to KIT to renew the above Unitholders' Mandate and the Trustee-Manager will seek Unitholders' approval for the same during the forthcoming AGM.

The IPTs transacted for FY 2021 (and its comparison against the previous financial year) are as follows.

| Name of Interested Person/ Nature of Transaction | Nature of relationship | Aggregate value of all interested person transactions during FY 2021 under review (excluding transactions less than S\$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) | | Aggregate value of all interested person transactions conducted during FY 2021 under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) | |
|---|---|--|------------------|--|------------------|
| | | FY 21 S\$'000 | FY 20 S\$'000 | FY 21 S\$'000 | FY 20 S\$'000 |
| 1. Temasek Holdings (Private) Limited and its Associates ("Temasek") | Temasek is an indirect controlling unitholder of KIT and a controlling shareholder of the Trustee-Manager | | | | |
| General Transaction | | | | | |
| (a) Sales of Goods and Services | | - | - | 1,764 | 1,526 |
| (b) Purchases | | - | - | 239,047 | 144,060 |
| (c) Rental Expense | | - | - | - | 562 |
| (d) Reimbursement of expenses | | - | - | 16,907 | - |
| (e) Treasury Transactions | | - | - | 1,752 | - |
| Total | | - | - | 259,470 | 146,168 |
| 2. Keppel Corporation Group ("KCL") | KCL is an indirect controlling unitholder of KIT and a controlling shareholder of the Trustee-Manager | | | | |
| General Transaction | | | | | |
| (a) Sales of Goods and Services | | - | 300 | 511 | 822 |
| (b) Management Fee Expense | | - | - | 15,792 | 12,744 |
| (c) Purchases | | - | - | 133,908 | 40,351 |
| (d) Reimbursement of expenses | | - | - | 1,013 | 1,906 |
| (e) Treasury Transactions | | - | - | 389,146 | 448,337 |
| Total | | - | 300 | 540,370 | 504,160 |

MATERIAL CONTRACTS

For FY 2021, there was no material contract that was not in the ordinary course of business, entered into by KIT or any of its subsidiaries involving the interest of the CEO, any Director, or controlling Unitholder.

STATEMENT OF POLICIES AND PRACTICES

The Trustee-Manager has established policies and practices in relation to its management and governance of KIT to ensure that KIT is managed in the interest of the Unitholders. These policies and practices include:

- (a) the trust property of KIT is properly accounted for and trust property is kept distinct from the property of the Trustee-Manager in its own capacity. The Trustee-Manager maintains different bank accounts in its personal capacity and in its capacity as the Trustee- Manager of KIT;
- (b) the Board reviews and approves all investments, acquisitions and divestments by KIT in accordance with the business objectives and investment scope as set out in KIT's trust deed;
- (c) the Board has set up the Board ESG Committee on 26 January 2022, consisting entirely of independent Directors, to deal with conflicts or potential conflicts of interest between KIT and the Trustee-Manager. The details of the measures taken are as set out at pages 175 to 176;
- (d) the Trustee-Manager has established internal control systems to ensure that all IPTs are undertaken on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders. The internal auditor carries out a review of IPTs and submit a report to the ARC (comprising entirely of independent Directors). The ARC reviews the report submitted and ensures compliance with applicable legislation and the relevant provisions of the Listing Manual. The details of the IPTs for FY 2021 are set out at page 170;
- (e) the Trustee-Manager has adopted, among others, a Whistle-Blower Policy, Dealing in Securities Policy, KIT's Enhanced Code of Conduct, a Code of Practice on Safeguarding Information and an Insider Trading Policy which reflect the Management's commitment to conduct its business within a framework that fosters the highest ethical and legal standards;
- (f) the expense and cost allocations (if any) payable to the Trustee-Manager in its capacity as Trustee-Manager of KIT out of the trust property of KIT are reviewed and approved by the Board, to ensure that the fees and expenses charged to KIT are appropriate and in accordance with the KIT trust deed. The fees and expenses paid to the Trustee-Manager relate to Management Fees and Performance Fees disclosed at page 141;
- (g) the Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time, and in particular when dealing with acquisitions and capital raising, to ensure compliance with the requirements of the BTA, BTR and the Listing Manual.

CORPORATE GOVERNANCE

APPENDIX

BOARD COMMITTEES – TERMS OF REFERENCE

A. AUDIT AND RISK COMMITTEE

- (1) Review and report to the Board at least annually the adequacy and effectiveness of the Trustee-Manager's and KIT's risk management and internal control system, including financial, operational, compliance and information technology controls, and risk management systems (such review can be carried out internally or with the assistance of any competent third parties);
- (2) Perform a review of KIT's financial statements and announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for assurance of the integrity of such statements and announcements;
- (3) Review audit plans and reports of the external auditor and internal auditor, and consider the effectiveness of actions or policies taken by Management on the recommendations and observations;
- (4) Monitor the procedures established to regulate interested person transactions, including reviewing any interested person transactions entered into from time to time and ensuring compliance with applicable legislation and the relevant provisions of the SGX Listing Manual (this review will exclude conflicts of interest, which are dealt with by the Conflicts Resolution Committee);
- (5) Monitor the implementation of the foreign exchange hedging policy approved by the Board as well as review and recommend to the Board all other hedging policies and instruments before implementation by KIT;
- (6) Review the independence and objectivity of the external auditor and internal auditor annually and as part of the review of independence, to review the nature and extent of non-audit services performed by the external auditor;
- (7) Meet with external auditor and internal auditor, without the presence of Management, at least annually;
- (8) Review the adequacy and effectiveness of the Trustee-Manager's internal audit function, at least annually and report the Audit and Risk Committee's assessment to the Board;
- (9) Review and ensure at least annually that the internal audit function is adequately resourced and has appropriate standing within the Trustee-Manager;
- (10) Approve the hiring, removal, evaluation and compensation of the accounting / auditing firm or corporation to which the internal audit function is outsourced;
- (11) Recommend to the Board on the proposal to the Unitholders on the appointment, re-appointment and removal of the external auditor;
- (12) Approve the remuneration of the external auditor;
- (13) Review the audit quality indicators in relation to the external auditor;
- (14) Investigate any matters within the Audit and Risk Committee's terms of reference, whenever it deems necessary;
- (15) Obtain, at the Trustee-Manager's or KIT's expense, external professional advice on any matter within its terms of reference;
- (16) Report to the Board on critical risk issues, material matters, findings and recommendations;
- (17) Obtain recommendations on risk tolerance and strategy from Management, and where appropriate, report and recommend to the Board for its determination:
 - i. the nature and extent of significant risks which the Trustee-Manager and KIT may take in achieving its strategic objectives; and
 - ii. the overall level of risk tolerance, risk parameters and risk policies;
- (18) Review and discuss with Management the Trustee-Manager's and KIT's risk governance structure and framework including risk policies, risk strategy, risk culture, risk assessment, mitigation and monitoring processes and procedures;
- (19) Review the Information Technology (IT) governance and cybersecurity framework to ascertain alignment with business strategy and the Trustee-Manager's and KIT's risk tolerance including monitoring the adequacy of IT capability and capacity to ensure business objectives are well-supported with adequate measures to safeguard corporate information, operating assets, and effectively monitor the performance, quality and integrity of IT service delivery;
- (20) Receive and review quarterly reports from Management on the Trustee-Manager's and KIT's risk profile and major risk exposures and the steps taken to monitor, control and mitigate such risks;
- (21) Review the Trustee-Manager's risk management capabilities including capacity, resourcing, systems, training, communication channels as well as competencies in identifying and managing new risk types;

- (22) Review and monitor Management's responsiveness to the critical risk and compliance issues and material matters identified and recommendations of the Audit and Risk Committee;
- (23) Review the assurance from the CEO and CFO on the financial records and financial statements and the assurance and steps taken by the CEO and other key management personnel for their relevant areas of responsibilities, regarding the adequacy and effectiveness of the Trustee-Manager's internal controls and risk management system;
- (24) Receive and review updates from Management to assess the adequacy and effectiveness of the Trustee-Manager's compliance framework in line with relevant laws, regulations and best practices;
- (25) Through interactions with the Compliance Lead, review and oversee performance of the Trustee-Manager's implementation of compliance programmes;
- (26) Review and monitor the Trustee-Manager's approach to ensuring compliance with regulatory commitments, including progress of remedial actions where applicable;
- (27) Review the adequacy, effectiveness and independence of the Trustee-Manager's Risk and Compliance function, at least annually, and report the Audit and Risk Committee's assessment to the Board;
- (28) Review the policy and arrangements (such as whistle-blower policy) and the Trustee-Manager's procedures for detecting and preventing fraud, and other arrangements by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;
- (29) Report significant matters raised through the whistle-blowing channel to the Board;
- (30) Review and report to the Board annually on the adequacy and effectiveness of the Trustee-Manager's and KIT's risk management and internal controls systems, including financial, operational, compliance and information technology controls so that the Board may form an opinion on the adequacy of the risk management system and internal controls;
- (31) Review the Board's opinion on the adequacy and effectiveness of the Trustee-Manager's risk management systems and internal controls and state whether it concurs with the Board's opinion;
- (32) Where there are material weaknesses identified in the Trustee-Manager's risk management systems and internal controls, to consider and recommend the necessary steps to be taken to address them;
- (33) Ensure that the Compliance Lead have direct and unrestricted access to the Chairman of the Audit and Risk Committee;
- (34) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Audit and Risk Committee may deem fit;
- (35) Review the Audit and Risk Committee's terms of reference and constitution annually and recommend any proposed changes to the Board to ensure that it is operating effectively and remain consistent with the Board's objectives and responsibilities;
- (36) Carry out all other functions of the Audit and Risk Committee in accordance with Regulation 13(6) of the Singapore Business Trusts Regulations; and
- (37) Perform such other functions as the Board may determine.

B. NOMINATING AND REMUNERATION COMMITTEE

- (1) Recommend to the Board the appointment and re-appointment of Directors on Trustee-Manager's Board and KIT's subsidiaries (including alternate directors, if any);
- (2) Re-nomination for re-election of the Directors on the Trustee-Manager's Board and KIT's subsidiaries in accordance with the Trustee-Manager's Constitution, having regard to the Director's contribution and performance;
- (3) Review annually the structure size and composition of the Board and Board committees of the Trustee-Manager and conduct an annual review of balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age;
- (4) Recommend to the Board a Board Diversity Policy (including the qualitative, and measurable quantitative, objectives (as appropriate) for achieving board diversity), and conduct an annual review of the progress towards achieving these objectives;
- (5) Determine annually whether or not a Director of the Trustee-Manager is independent in the manner provided in the Business Trust Regulations.

CORPORATE GOVERNANCE

- (6) Ensure that the Board of the Trustee-Manager comprises:
 - (a) at least a majority of the Directors who shall be independent from management and business relationships with the Trustee-Manager and in any case at least two non-executive Directors who are independent and free of any material business or financial connection with the Trustee-Manager;
 - (b) at least one-third of the Directors who shall be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
 - (c) at least a majority of the Directors who shall be independent from any single substantial shareholder of the Trustee-Manager;
- (7) Assess, where a Director has other listed company board representation and/or other principal commitments, whether the Director is able to and has been adequately carrying out his duties as Director of the Trustee-Manager;
- (8) Recommend to the Board the process for the evaluation of the performance of the Board, the Board Committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of the Chairman and each Director;
- (9) Annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution of the Chairman and individual directors;
- (10) Review the succession plans for the Board (in particular, the Chairman) and key management personnel;
- (11) Review talent development plans;
- (12) Review the training and professional development programs for Board members. The NRC has noted that all Directors must undergo training on sustainability matters as prescribed by the SGX, and that if the NRC is of the view that training is not required because the Director has expertise in sustainability matters, the basis of its assessment must be disclosed;
- (13) Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as for the key management personnel; including review of all long-term and short-term incentive plans, with a view to aligning the level and structure of remuneration to the Trustee-Manager's long-term strategy and performance;
- (14) Consider all aspects of remuneration to ensure that they are fair, and review the Trustee-Manager's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous;
- (15) Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme);
- (16) Review the ongoing appropriateness and relevance of the remuneration policy to ensure that the level and structure of the remuneration are appropriate and proportionate to the sustained performance and value creation of the Trustee-Manager, taking into account the strategic objectives of the Trustee-Manager;
- (17) Review the level and structure of remuneration for directors and key management personnel relative to the internal and external peers and competitors to ensure that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the Trustee-Manager for the long term;
- (18) Set performance measures and determine targets for any performance-related pay schemes;
- (19) Administer the Trustee-Manager's long-term incentive schemes in accordance with the rules of such schemes;
- (20) Report to the Board on material matters and recommendations;
- (21) Review the Nominating and Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board for approval;
- (22) Perform such other functions as the Board may determine; and
- (23) Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Nominating and Remuneration Committee may deem fit.

Save that a member of the Nominating and Remuneration Committee shall not be involved in the deliberations in respect of any matter in which he or she has a personal interest in. Where a member of the Nominating and Remuneration Committee is asked to consider remuneration or a form of benefits that applies generally to the Board or committee members as a whole rather than specific to that member, then the member shall be deemed not to have a personal interest in the matter.

C. INVESTMENT COMMITTEE²

- (1) Review and monitor the investment policy and procedures established to regulate projects of the Trustee-Manager and KIT.
- (2) Review and approve or disapprove the investment projects (including any proposed investments, acquisitions and/or disposals) of the Trustee-Manager and KIT Group submitted in accordance with the KIT's investment policy and investment mandate, taking into consideration factors including size, sector, geography and returns. In evaluating investment projects, reference will also be made to the prevailing Keppel Group's investment and major projects actions committee policy and procedure as applicable to the Trustee-Manager.
- (3) Review and approve or disapprove the capital market activities (including any equity fund raisings, establishment or update (including an upside) of debt programmes (including the multicurrency debt issuance programme), drawdown of debt programmes (including the issuance of any debt securities under the multicurrency debt issuance programme and/or hedging strategies, hedging activities or entry into hedging instruments) to be undertaken by the Trustee-Manager and/or KIT Group (KIT Capital Market Activities), save that KIT Capital Market Activities that require prior approval from Unitholders shall also, if approved by the Investment Committee, require the Board's approval.
- (4) Approve or disapprove external legal or other professional advice for the purposes of evaluating investment projects if it considers this necessary.
- (5) Approve or disapprove all non-binding bids and/or entry into non-binding agreements (including memorandum of understanding) with respect to the investment projects of KIT.
- (6) Approve or disapprove the submission of binding bids and/or entry into binding agreements (Binding Agreements) with respect to the investment projects of KIT's subsidiaries only (such Binding Agreements, the "Portfolio Binding Agreements"), save that the Portfolio Binding Agreements that will require prior approval from Unitholders shall also, if approved by the Investment Committee, require the Board's approval.

D. BOARD ESG COMMITTEE³ESG

- (1) Recommending to the KIT Board policies, strategies, workplans and targets pertaining to sustainability and ESG matters (collectively, ESG Framework) and reviewing and monitoring the effectiveness of the ESG Framework benchmarked against global and local ESG trends and best practices. KIT's sustainability and ESG standards, which would form an integral part of KIT's strategies and core competencies, will drive long-term value creation.
- (2) Promoting new initiatives to develop a strong culture and strengthen awareness of sustainability and ESG matters among KIT's businesses and assets.
- (3) Monitoring the implementation and integration of the ESG Framework.
- (4) Monitoring the adequacy of resources allocated to achieving compliance as well as strategies, workplans and targets pertaining to the ESG Framework.
- (5) Reporting to the Board on sustainability and ESG performance, incidents, rectifications, risk management and other material matters.

Health, Safety, Security and Environment (HSSE)

- (6) Reviewing the nature and scale of hazards and risks associated with the businesses and operations of the various operating assets.
- (7) Ensuring the operating assets have the resources, systems and processes to eliminate, minimise or manage HSSE risks, including personal safety, process safety, major hazard risks, and plant physical security.
- (8) Ensuring that the Keppel HSSE requirements such as policies, procedures, strategies and standards are communicated, implemented and reviewed.
- (9) Monitoring HSSE performance of the operating assets, analyse trends and incident root causes, and recommending or proposing initiatives for improvement where appropriate to ensure robust HSSE management systems are well maintained.
- (10) Reviewing all reportable and high-potential near miss incidents to understand underlying root causes and recommending initiatives or remedial measures where appropriate.
- (11) Monitoring the compliance with local HSSE legislation in the country in which it operates as a minimum and review any emerging or new legislations that may potentially impact the operating assets.
- (12) Keeping abreast of global HSSE developments, and implementing best practices at KIT's businesses or operations, where relevant and feasible.

² The Investment Committee was constituted on 23 July 2021.

³ On 26 January 2022, the Board constituted the Board ESG Committee for the primary purpose of, among others developing and articulating KIT's ESG strategy as well as overseeing the matters that fall within the purview of the Board Safety Committee and Conflicts Resolution Committee. As such, following the constitution of the Board ESG Committee with effect from 26 January 2022, the Board Safety Committee and Conflicts Resolution Committee ceased concurrently on the same date.

CORPORATE GOVERNANCE

- (13) Reviewing the significant changes to KIT's HSSE risk profile as a result of any changes to existing businesses and assets, or the addition of new businesses, new markets, new products, etc. as well as taking the necessary steps to monitor, control and mitigate such risks.
- (14) Reporting to the KIT Board on HSSE performance, material matters, incident investigation findings and recommendations.
- (15) Carrying out such investigations into HSSE-related matters as the Committee deems fit.
- (16) Ensuring on the effectiveness of the HSSE management systems and how the risks are being managed / mitigated on the ground.
- (17) Introducing actions to enhance safety awareness and culture within KIT.
- (18) Performing such other functions as the Committee may determine.

Conflicts

- (19) Reviewing conflicts or potential conflicts of interest that may arise from time to time in the course of KIT's business or operations between (i) KIT and (ii) any Director or officer of the Trustee-Manager, any controlling Unitholder (as defined in the Listing Manual), or any controlling shareholder of the Trustee-Manager (as defined in the Listing Manual);
- (20) Considering declarations made by a Director and/or officer of the Trustee-Manager when they declare a potential conflict of interest, identifying conflict or potential conflict of interest issues and then assessing and evaluating its nature and extent;
- (21) Developing and implementing one or more appropriate measures with the aim of controlling, avoiding or mitigating such conflict or potential conflict (including, where material, disclosure of such measures to Unitholders at the appropriate time);
- (22) Monitoring the implementation by the Trustee-Manager of the measures imposed by the Committee in order to resolve or mitigate conflict or potential conflict of interest;
- (23) Periodically reviewing the framework to resolve conflict or potential conflict of interest and ascertain how it has worked out in practice and, where appropriate, to consider and implement further measures to fine-tune the framework so as to make it better suited to the potential conflict issues that the Trustee-Manager may face, including procedures to ensure that no controlling Unitholder or controlling shareholder of the Trustee-Manager would be able to influence the evaluation of potential acquisitions or disposals in a manner contrary to the interests of Unitholders as a whole; and
- (24) Where appropriate, appointing an independent adviser to advise on and recommending procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the Committee to discharge its duties to the Unitholders.

Save that the terms of reference of the Committee would exclude review of interested person transactions which fall within the purview of the Audit and Risk Committee.

Additional Guidelines to the framework

- (25) A conflict of interest situation that arises should be brought to the attention of the Committee immediately, which will consider the situation against the guidelines and if the Committee is of the view that the compliance with the guidelines are not adequate to control, avoid or mitigate the conflict of interest, a Committee meeting will be convened to discuss the conflict.
- (26) A distinction is to be made between the processes of participation in deliberation and the voting in the transaction as a Director on the Board. An interested Director will be required to abstain from voting on the transaction where there exists a conflict of interest but it should not prohibit the interested Director from participating in the deliberations of the relevant transaction.
- (27) However, if an interested Director is also a direct counterparty (for example, if the Director is an officer or sits on the board of directors of the counterparty), such a Director will be required to not only abstain from voting, but also abstain from deliberation of the transaction. The Board may nonetheless invite such an interested Director, on a case by case basis, particularly where he or she has the relevant expertise in the subject matter of the transaction, to attend Board meetings and discussions to assist the Board in its deliberation of the transaction, and in such event, the Board should excuse the interested Director who is also a counterparty from deliberations which involves sensitive information of the transaction.
- (28) It is acknowledged that a Director has a right to information but the decision whether to disclose such sensitive information (for instance, where the transaction is that of a competitive bid between interested persons) must be made in the best interests of KIT and this is to be decided on a case-by-case basis. Management should consult the Committee in this respect.

BOARD ASSESSMENT

Evaluation Processes

Each Board member is required to complete questionnaires relating to the Board's and individual Board member's performance and send these questionnaires direct to the Independent Coordinator. Based on the returns of each Director, the Independent Coordinator prepares a consolidated report to brief the chairman of the NRC and the Board Chairman on the report. The Independent Coordinator will thereafter present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Performance Criteria

The performance criteria adopted for the evaluation process have been consistently applied from year to year, and updated from time to time to account for amendments to the SGX Listing Rules and Code of Corporate Governance.

The performance criteria for the Board evaluation are in respect of board size and composition, board independence, board processes, composition and effectiveness of board committees, board information and accountability, board performance in relation to discharging its principal functions, and performance of board and board committees in relation to discharging their responsibilities. Based on the responses received, the Board continues to perform and fulfill its duties and responsibilities duly in accordance with the established Board processes.

The individual Director's performance criteria are categorised into five segments; namely, (1) interactive skills (under which factors as to whether a Director works well with other Directors, and participates actively, are taken into account); (2) knowledge (under which factors as to the Director's industry and business knowledge, his or her ability to analyse, and contribute to the productivity of meetings are taken into consideration); (3) Director's duties (under which factors as to the Director's Board committee work contribution (where relevant), whether the Director takes his or her role of director seriously, and meeting preparation are taken into consideration); (4) availability (under which the Director's attendance at Board and Board committee meetings, whether he or she is available when needed etc are considered); and (5) overall contribution, bearing in mind that each Director was appointed for his or her strength in certain areas which, taken together with the skill sets of the other Directors, provides the Board with the required mix of skills and competencies.

WHISTLE-BLOWER POLICY

Whistle-Blower Policy

The Whistle-Blower Policy was established and has been put in place to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes and reporting channels through which such reports may be made with confidence that employees of the Trustee-Manager and other persons making such reports will be treated fairly and, to the extent possible, their identities and participation in the investigations will be protected.

Reportable Conduct refers to any act or omission by an employee of the Trustee-Manager or KIT or contract worker appointed by the Trustee-Manager, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith is:

- a. dishonest, including but not limited to theft or misuse of the resources owned by or under the management of the Trustee-Manager;
- b. fraudulent;
- c. corrupt;
- d. illegal;
- e. other serious improper conduct;
- f. an unsafe work practice; or
- g. any other conduct which may cause financial or non-financial loss to the Trustee-Manager or KIT or damage to the Trustee-Manager's or KIT's reputation.

A person who files a report or provides evidence which he or she knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Whistle-Blower Policy and may be subject to administrative and/or disciplinary action including termination of employment or other contract, as the case may be.

Similarly, a person may be subject to administrative and/or disciplinary measures, including but not limited to termination of employment or contract if he or she subjects (i) a person who has made or intends to make a Protected Report in accordance with the Whistle-Blower Policy, or (ii) a person who was called or who may be called as a witness, to any form of reprisal which would not have occurred if he or she did not intend to, or had not made the report or be a witness.

The Head of Internal Audit is the Receiving Officer for the purposes of the Whistle-Blower Policy, and is responsible for the administration, implementation and overseeing ongoing compliance with the Whistle-Blower Policy. She reports directly to the ARC Chairman (who is an independent director) on all matters arising under the Whistle-Blower Policy.

CORPORATE GOVERNANCE

Reporting Mechanism

The Whistle-Blower's role is as a reporting party. Whistle-Blowers are not investigators or finders of fact, nor do they determine the appropriate corrective or remedial actions that may be warranted.

Employees of the Trustee-Manager are encouraged to make a Protected Report in relation to a suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the ARC Chairman, of any such report. The supervisor shall not upon receiving or becoming aware of any Protected Report, take any independent action or start any investigation in connection with the Protected Report unless otherwise directed by the ARC Chairman or the Receiving Officer. If any of the persons in the reporting line prefers not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he or she may make the report directly to the ARC Chairman via the established reporting channel.

Other Whistle-Blowers (other than employees) may make a Protected Report in relation to a suspected Reportable Conduct to either the Receiving Officer or the ARC Chairman via the established reporting channels.

All reports and related communications will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

INVESTIGATION

Every Protected Report received (whether oral or written, and anonymous or otherwise) will be assessed by the Receiving Officer, who will review the information disclosed, interview the Whistle-Blower(s) when required and if contactable and, either exercising his or her own discretion or in consultation with the Investigation Advisory Committee, make recommendations to the ARC Chairman as to whether the circumstances warrant an investigation. If the ARC Chairman or, if the ARC Chairman consults the ARC, the ARC, determines that an investigation should be carried out, the ARC Chairman or, as the case may be, the ARC, shall determine the appropriate investigative process to be employed. The ARC Chairman and the Investigation Advisory Committee will use their respective best endeavours to ensure that there is no conflict of interests on the part of any party involved in any way in the investigations. The Investigation Advisory Committee assists the ARC Chairman with overseeing the investigation in relation to the Protected Report and any other matters arising therefrom or in connection therewith. The ARC Chairman will also require the matter to be reported to the authorities if a crime is involved, and/or to the relevant insurance company in accordance with the terms of the applicable insurance policies.

All employees of the Trustee-Manager have a duty to cooperate with investigations initiated under the Whistle-Blower Policy. An employee may be placed on administrative leave or investigatory leave when it is determined by the ARC Chairman (whether in the exercise of his or her own discretion or in consultation with the ARC), that such a leave would be in the best interests of the employee, the Trustee-Manager or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All persons who are interviewed, asked to provide information or otherwise participate in an investigation must refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss with the Investigation Subject(s) the nature of the evidence requested or provided or testimony given to the investigators unless agreed by the investigators.

Confidentiality of the identities of Whistle-Blowers, Investigation Subject(s) and persons who participate or who intend to participate in investigations initiated under this policy will, to the extent possible, be maintained.

PROTECTION FROM REPRISAL

No person shall be subject to any reprisal for having made a Protected Report in accordance with the Whistle-Blower Policy. The protection from Reprisal also extends to persons who may have been called as witnesses or otherwise participated in the investigation arising from a Protected Report. A reprisal means personal disadvantage by:

- a. dismissal;
- b. demotion;
- c. suspension;
- d. termination of employment/ contract;
- e. any form of harassment or threatened harassment;
- f. discrimination; or
- g. current or future bias.

A Whistle-Blower or any person who participated or intends to participate in an investigation arising from a Protected Report, who believes that he or she is subject to Reprisal and that the Protected Report is a contributing factor to the Reprisal may complain to the Receiving Officer (who shall refer the matter to the ARC Chairman) or the ARC Chairman. The ARC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation contained in the Protected Report. However, the ARC Chairman will take into account the fact that he or she has cooperated as a Whistle-Blower or a witness in determining whether, and to what extent, the disciplinary measure to be taken against him or her.

Rule 720(6) of the Listing Manual of the SGX

The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Trustee-Manager is seeking endorsement by Unitholders at the AGM to be held in 2021 is set out below.

| Name of Director | Mr Kunnasagaran Chinniah | Ms Christina Tan Hua Mui |
|---|---|--|
| Date of Appointment | 1 August 2015 | 15 September 2016 |
| Date of last re-appointment (if applicable) | N.A | N.A |
| Age | 64 | 56 |
| Country of principal residence | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The process for succession planning for the Board, appointment of directors, and the seeking of endorsement or re-endorsement of Directors to the Board, is set out at page 154 of this Annual Report. | |
| Whether the appointment is executive, and if so, the area of responsibility | Non-executive | Non-executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Independent Director, Chairman of Board ESG Committee, Member of Audit & Risk Committee and Member of Investment Committee | Chairman of Investment Committee and Member of Nominating and Remuneration Committee |
| Professional qualifications | Bachelor of Engineering (Electrical), National University of Singapore; Master of Business Administration, University of California (Berkeley); Chartered Financial Analyst® | Bachelor of Accountancy (Honours), National University of Singapore; CFA® Charterholder |
| Working experience and occupation(s) during the past 10 years | From 2000 - 2008: Head, Asia Private Equity Group of GIC Special Investments Pte Ltd | From July 2016 till present: Chief Executive Officer of Keppel Capital Holdings Pte Ltd |
| | From 2009 - 2013: Co-Head, Portfolio, Strategy and Risk Group of GIC Special Investments Pte Ltd | From January 2012 till present: Managing Director of Alpha Investment Partners Limited |
| | From 2012 - 2013: Head, GIC Global Infrastructure Group | From 2003 - July 2011: Chief Financial Officer of Alpha Investment Partners Limited |
| Shareholding interest in the listed issuer and its subsidiaries | 733,083 units (direct) and 471,064 units (deemed) in Keppel Infrastructure Trust | Nil |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Nil | Nil |
| Conflict of interest (including any competing business) | Nil | Nil |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes |
| Other Principal Commitments including Directorships - Past (for the last 5 years) | Edelweiss Agri Value Chain Limited; Edelweiss Commodities Services Limited; Edelweiss Finvest Private Ltd | Various subsidiaries and associated companies of Alpha Investment Partners Limited and funds managed by Alpha Investment Partners Limited |
| Other Principal Commitments including Directorships - Present | Ascendas Funds Management (S) Limited (the Manager of Ascendas REIT); Edelweiss Financial Services Limited (listed in India); Nirlon Limited (listed in India); Changi Airports International Pte Ltd; Edelweiss Tokio Life Insurance Company Limited; Hindu Endowments Board; Greenko Energy Holdings; Azalea Asset Management Pte Ltd | Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT); Keppel REIT Management Limited (the manager of Keppel REIT); Keppel Capital Holdings Pte. Ltd.; Alpha Investment Partners Limited; Keppel Capital Alternative Asset Pte. Ltd. |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No |

CORPORATE GOVERNANCE

| Name of Director | Mr Kunnasagaran Chinniah | Ms Christina Tan Hua Mui |
|---|--------------------------|--------------------------|
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No |
| (c) Whether there is any unsatisfied judgment against him? | No | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No |
| e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No |
| f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No |
| g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |
| h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |
| i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No |

| Name of Director | Mr Kunnasagaran Chinniah | Ms Christina Tan Hua Mui |
|---|--|--------------------------|
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of : | No | No |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | No |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, | No | No |
| in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | | |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No |
| Any prior experience as a director of an issuer listed on the Exchange? | Yes | No |
| If yes, please provide details of prior experience. | Edelweiss Financial Services Ltd (listed in India) | N.A |
| If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. | N.A | N.A |
| Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | | |

CORPORATE GOVERNANCE

SUMMARY OF DISCLOSURES OF 2018 CG CODE

Rule 710 of the SGX Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the 2018 CG Code in their annual reports for financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirement under the 2018 CG Code.

| Principles | Page Reference in this Report |
|--|--------------------------------------|
| BOARD MATTERS | |
| The Board's Conduct of Affairs | |
| Principle 1 | |
| Provision 1.1 | Pages 150, 168 to 171 and 175 to 176 |
| Provision 1.2 | Page 152 |
| Provision 1.3 | Page 150 |
| Provision 1.4 | Pages 152 to 169 and 172 to 176 |
| Provision 1.5 | Pages 151 and 157 |
| Provision 1.6 | Page 152 to 153 |
| Provision 1.7 | Page 152 to 153 |
| Board Composition and Guidance | |
| Principle 2 | |
| Provision 2.1 | Pages 155 to 157 |
| Provision 2.2 | Pages 151 to 155 |
| Provision 2.3 | Pages 151 to 155 |
| Provision 2.4 | Pages 154 to 155 |
| Provision 2.5 | Page 151 to 152 |
| Chairman and Chief Executive Officer | |
| Principle 3 | |
| Provision 3.1 | Page 153 |
| Provision 3.2 | Page 153 |
| Provision 3.3 | Pages 155 and 157 |
| Board Membership | |
| Principle 4 | |
| Provision 4.1 | Pages 153 to 154 and 173 to 174 |
| Provision 4.2 | Page 153 |
| Provision 4.3 | Page 154 |
| Provision 4.4 | Pages 156 to 157 |
| Provision 4.5 | Pages 12, 13 and 157 |
| Board Performance | |
| Principle 5 | |
| Provision 5.1 | Pages 158 and 177 |
| Provision 5.2 | Pages 158 and 177 |
| REMUNERATION MATTERS | |
| Procedures for Developing Remuneration Policies | |
| Principle 6 | |
| Provision 6.1 | Pages 158 to 161 |
| Provision 6.2 | Page 153 |
| Provision 6.3 | Pages 158 to 161 |
| Provision 6.4 | Page 158 |
| Level and Mix of Remuneration | |
| Principle 7 | |
| Provision 7.1 | Pages 158 to 161 |
| Provision 7.2 | Pages 158 to 161 |
| Provision 7.3 | Pages 158 to 161 |

| Principles | Page Reference in this Report |
|---|--|
| Disclosure on Remuneration | |
| Principle 8 | |
| Provision 8.1 | Pages 158 to 161 |
| Provision 8.2 | Page 161 |
| Provision 8.3 | Pages 158 to 161 |
| ACCOUNTABILITY AND AUDIT | |
| Risk Management and Internal Controls | |
| Principle 9 | |
| Provision 9.1 | Page 163 to 164 |
| Provision 9.2 | Pages 163 to 165 |
| Audit Committee | |
| Principle 10 | |
| Provision 10.1 | Pages 162 to 165, 172 to 173, 177 to 178 |
| Provision 10.2 | Page 162 |
| Provision 10.3 | Page 162 |
| Provision 10.4 | Pages 162 and 165 |
| Provision 10.5 | Page 162 |
| SHAREHOLDER RIGHTS AND ENGAGEMENT | |
| Shareholder Rights and Conduct of General Meetings | |
| Principle 11 | |
| Provision 11.1 | Pages 166 to 167 |
| Provision 11.2 | Pages 166 to 167 |
| Provision 11.3 | Pages 166 to 167 |
| Provision 11.4 | Pages 166 to 167 |
| Provision 11.5 | Pages 166 to 167 |
| Provision 11.6 | Pages 166 to 167 |
| Engagement with Shareholders | |
| Principle 12 | |
| Provision 12.1 | Pages 166 to 167 |
| Provision 12.2 | Pages 166 to 167 |
| Provision 12.3 | Pages 166 to 167 |
| MANAGING STAKEHOLDERS RELATIONSHIP | |
| Engagement with Stakeholders | |
| Principle 13 | |
| Provision 13.1 | Pages 166 to 167 |
| Provision 13.2 | Pages 166 to 167 |
| Provision 13.3 | Pages 166 to 167 |

RISK MANAGEMENT

Strengthening Enterprise Risk Management

Keppel Infrastructure Trust's (KIT) Enterprise Risk Management (ERM) framework, which is a component of KIT's System of Management Controls, provides a holistic and structured approach towards assessing, monitoring and mitigating risks. The Board has in place three Risk Tolerance Guiding Principles for the Trustee-Manager and KIT. The Risk Tolerance Guiding Principles serve to determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The three Risk Tolerance Guiding Principles are:

1. Risks taken should be carefully evaluated, commensurate with rewards and in line with the Trustee-Manager's and KIT's core strengths and strategic objectives.
2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger the Trustee-Manager and KIT.
3. The Trustee-Manager does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

Robust ERM Framework

The Trustee-Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation as well as monitoring and review. A robust ERM framework enables the Trustee-Manager and KIT to manage risks systematically and remain nimble in capitalising on opportunities.

The risk assessment takes into account both the impact of the risk event and likelihood of occurrence, and covers the investment, financial, operational and reputational aspects of KIT's business. Tools deployed include risk rating matrices, key risk indicators and risk registers to assist the Trustee-Manager in its risk management process.

The Board, supported by the ARC, is responsible for the governance of risks and ensures that the Trustee-Manager maintains a sound system of risk management and internal controls to safeguard Unitholders' interests and KIT's assets. The Board and ARC provide valuable advice to the Trustee-Manager in formulating various risk policies and guidelines. For FY 2021, the Board, with the concurrence of ARC, is of the opinion that KIT's risk management system is adequate and effective in addressing the key risks identified.

The Trustee-Manager's risk governance process is set out in pages 163 to 165 under Principle 9 (Risk Management and Internal Controls).

The risk management assessment framework also determines the adequacy and effectiveness of the risk management system within KIT. In 2021, the Board has assessed and deemed KIT's risk management system to be adequate and effective in addressing the key risks identified below:

Investment Risk

Distribution growth is dependent on KIT's ability to grow its asset base. The timing of new acquisitions is dependent on market opportunities and funding environment. The Trustee-Manager evaluates all investment opportunities according to KIT's stated investment criteria and investment mandate. Investment evaluation includes analysing the asset quality, expected returns, sustainability of asset performance and security of the cash flows.

The Trustee-Manager aims to manage and mitigate risks by diversifying the asset classes and geographic regions in which KIT will invest. KIT has a global investment mandate so as to mitigate country concentration risks.

KIT's current portfolio includes assets with contracted cash flows based on availability that are not sensitive to fluctuations in utilisation. This provides stable and predictable cashflows to support KIT's distributions to Unitholders. The Trustee-Manager intends to pursue further acquisitions that provide regular and/or predictable cash flows, and/or backed by long-term contracts with creditworthy and reputable off-takers.

Interest Rate Risk

KIT's exposure to interest rate risk is minimal, as the majority of its floating rate borrowings have been hedged. In the event KIT is exposed to interest rate risk on the loans drawn under the working capital facility or additional loans that it may undertake, the risk is managed by maintaining an appropriate level of borrowings and mix between fixed and floating rate borrowings. The Trustee-Manager will also monitor the interest rate exposure of KIT and will consider restructuring KIT's credit facilities or use derivative financial instruments to hedge interest rate risks should the need arise.

Foreign Exchange Risk

KIT constantly monitors its exposure to foreign exchange risk. Currency exposure to the net assets in Australia and Philippines is managed predominantly by having a significant amount of borrowings denominated in the functional currency.

KIT pays distributions to its unitholders in Singapore dollars whilst its Australian subsidiaries' distribution to KIT is in Australian dollars.

To manage the currency exposure, KIT utilises appropriate financial instruments to forward-hedge distribution income from its Australian subsidiaries, in compliance with its foreign exchange risk management policy.

Credit Risk

In 2021, this is an area of review due to the risk of supply chain delays faced during the COVID-19 pandemic.

The Trustee-Manager will actively monitor this to ensure adequate measures are in place, and prudently manage the trade working capital to mitigate the risk.

KIT's credit risk is mainly on a few customers, Singapore government agencies and a related Keppel entity, which are of good credit standing. Credit risk is also mitigated by the diversified customer base of City Energy and Ixom and the blue-chip customer base of Philippine Coastal. The Trustee-Manager monitors the credit risk by ensuring payments are received by the contracted date.

Liquidity Risk

The Trustee-Manager monitors and maintains adequate cash and cash equivalents to finance KIT's operations and mitigate the effects of cash flow fluctuations. The Trustee-Manager manages liquidity risk by maintaining adequate reserves, monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

Operational Risk

KIT's assets are built to operate within certain design specifications. Deviations from the specifications may affect the performance of the assets or the production processes. Each asset is also subject to wear and tear and there may be periodic downtime for repairs and maintenance. If downtime exceeds the contractual allowance, affecting availability or production, cashflows may be affected.

Each asset has a set of standard operating procedures including the implementation of various quality management systems such as ISO9001, ISO14001 and Hazard Analysis Critical Control Point (HACCP) that are for the day-to-day operations and regular maintenance of the assets to ensure that the assets are performing at optimal efficiency. The Trustee-Manager monitors, reviews and manages, with the Operations & Maintenance (O&M) contractor or appointed contract professionals, the operational risks of these assets regularly.

The Trustee-Manager, together with the O&M contractor or appointed contract professionals, continue to review and assess threats that could disrupt operations. The Trustee-Manager reviews the insurance plans and considers any necessary insurable risks are insured where commercial coverage plans are available. Business continuity plans are tested, reviewed and refined regularly to ensure the assets are ready to respond to these threats. In 2021, various drills were conducted to address threats such as chemical spillage, fire, IT disaster recovery, cybersecurity, terrorist attack, flu pandemic and power outage.

In view of the COVID-19 pandemic in 2021, supply chain risks and higher energy costs are continuously being monitored. The Trustee-Manager has secured energy supply contracts as well as increased the working capital and inventory levels to ensure that the supply to customers will not be impacted. Further, KIT implemented business continuity plans across its operations and continued to operate during the year with no operational disruptions.

The Trustee-Manager will continue to enhance the robustness of KIT's assets' business continuity plans to ensure operational resilience.

Health, Safety & Environment (HSE) Risk

HSE is one of the core values for KIT and the O&M contractors. The Trustee-Manager does not condone safety breaches or lapses. The Trustee-Manager, together with the O&M contractors, embraces a strong safety culture within the work environment and constantly strives to create safety awareness and share best practices. Emphasis is placed on sharing of safety incidents and lessons learnt, and HSE training to foster safety awareness and skills.

The O&M contractors have developed strong HSE policies and practices, including the implementation of various occupational health and safety management systems compliant with ISO45001 and ensure safe working practices and environment are integrated in all the operations of KIT's assets.

Compliance Risk

KIT's and the Trustee-Manager's operations are subject to various government regulations and licensing regimes. KIT and the Trustee-Manager undergo regular internal and external audits to ensure that they adhere to relevant policies and processes. Recognising that non-compliance with laws and regulations has potential significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all of KIT's business operations.

The Trustee-Manager also monitors changes in legislations and regulations, as well as new developments in its operating environment, in particular, those relating to environmental protection, cybersecurity and workplace safety and health, such as air emission levels, hazardous substances, fire safety and employment legislation, which have the potential to impact the operations and profitability of the Trust. The Trustee-Manager maintains close working relationships with the O&M contractors and authorities to keep abreast of developments in regulatory frameworks and the business environment. The Trustee-Manager also attends regular operation meetings and trainings to ensure that assets are meeting contractual requirements and in compliance with applicable laws and regulations.

Emerging Risks

The Trustee-Manager monitors evolving or emerging risks. Risks identified are considered and actions are taken to mitigate the risk as necessary.

Climate change and sustainability related matters are areas of risks noted.

Other Information

STATISTICS OF UNITHOLDINGS

As at March 2, 2022

Issued and Fully Paid Units

4,991,495,382 Units (Voting rights: 1 vote per Unit)

There is only one class of units in Keppel Infrastructure Trust

Market capitalisation of \$2,695,407,506 based on market closing price of \$0.54 per Unit on March 2, 2022.

Distribution of Unitholdings

| Size of Unitholdings | No. of Unitholders | % | No. of Units | % |
|----------------------|--------------------|---------------|----------------------|---------------|
| 1 - 99 | 868 | 1.99 | 32,660 | 0.00 |
| 100 - 1,000 | 7,954 | 18.27 | 5,251,058 | 0.11 |
| 1,001 - 10,000 | 16,465 | 37.81 | 74,719,292 | 1.49 |
| 10,001 - 1,000,000 | 18,084 | 41.53 | 1,266,820,756 | 25.38 |
| 1,000,001 and above | 174 | 0.40 | 3,644,671,616 | 73.02 |
| Total | 43,545 | 100.00 | 4,991,495,382 | 100.00 |

Twenty Largest Unitholders

| No. | Name | No. of Units | % |
|--------------|---|----------------------|--------------|
| 1. | Keppel Infrastructure Holdings Pte Ltd | 909,048,658 | 18.21 |
| 2. | Citibank Nominees Singapore Pte Ltd | 469,699,482 | 9.41 |
| 3. | DBS Nominees (Private) Limited | 450,517,258 | 9.03 |
| 4. | Bartley Investments Pte. Ltd. | 428,333,293 | 8.58 |
| 5. | Raffles Nominees (Pte.) Limited | 193,498,653 | 3.88 |
| 6. | DBSN Services Pte. Ltd. | 166,211,749 | 3.33 |
| 7. | HSBC (Singapore) Nominees Pte Ltd | 152,352,691 | 3.05 |
| 8. | Nassim Investments Pte Ltd | 149,167,246 | 2.99 |
| 9. | Napier Investments Pte. Ltd. | 106,653,329 | 2.14 |
| 10. | United Overseas Bank Nominees (Private) Limited | 41,629,187 | 0.83 |
| 11. | BPSS Nominees Singapore (Pte.) Ltd. | 34,863,788 | 0.70 |
| 12. | Phillip Securities Pte Ltd | 27,902,558 | 0.56 |
| 13. | KGI Securities (Singapore) Pte Ltd | 26,767,541 | 0.54 |
| 14. | OCBC Nominees Singapore Private Limited | 24,724,411 | 0.50 |
| 15. | UOB Kay Hian Private Limited | 21,449,118 | 0.43 |
| 16. | IFAST Financial Pte. Ltd. | 19,319,223 | 0.39 |
| 16. | OCBC Securities Private Limited | 15,277,372 | 0.31 |
| 18. | CGS-CIMB Securities (Singapore) Pte. Ltd. | 14,406,368 | 0.29 |
| 19. | DBS Vickers Securities (Singapore) Pte Ltd | 12,564,445 | 0.25 |
| 20. | BNP Paribas Nominees Singapore Pte. Ltd. | 11,516,682 | 0.23 |
| Total | | 3,275,903,052 | 65.65 |

Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Trustee-Manager as at March 2, 2022, the Substantial Unitholders of Keppel Infrastructure Trust and their interests in the Units of Keppel Infrastructure Trust are as follows:

| Name | Direct Interest | | Deemed interest | |
|---|-----------------|-------|-----------------|-------|
| | No. of Units | % | No. of Units | % |
| Keppel Infrastructure Holdings Pte. Ltd. | 909,048,658 | 18.21 | - | - |
| Keppel Corporation Limited ¹ | - | - | 909,048,658 | 18.21 |
| Bartley Investments Pte. Ltd. | 428,333,293 | 8.58 | - | - |
| Tembusu Capital Pte. Ltd. ² | - | - | 684,153,868 | 13.70 |
| Temasek Holdings (Private) Limited ³ | - | - | 1,596,534,996 | 31.98 |

Notes:

¹ Keppel Corporation Limited is deemed to have an interest in the Units which its wholly-owned subsidiary, Keppel Infrastructure Holdings Pte. Ltd., has interest.² Tembusu Capital Pte. Ltd. is deemed to have an interest in the Units in which its subsidiaries have interests.³ Temasek Holdings (Private) Limited ("Temasek") is deemed to have an interest in the Units in which Keppel Corporation Limited and other subsidiaries and associated companies of Temasek hold or have deemed interests.

Public Unitholders

Based on the information available to the Trustee-Manager as at March 2, 2022, approximately 68.04% of the issued Units in Keppel Infrastructure Trust are held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in Keppel Infrastructure Trust are at all times held by the public.

As at March 2, 2022, there are no treasury units held.

FINANCIAL CALENDAR

FY 2021

| | |
|---|------------------|
| Financial year-end | 31 December 2021 |
| Announcement of 1Q 2021 Key Business and Operational Updates | 19 April 2021 |
| Announcement of 1H 2021 results | 28 July 2021 |
| Announcement of 3Q 2021 Key Business and Operational Updates | 27 October 2021 |
| Announcement of 2H and FY 2021 results | 26 January 2022 |
| Distribution payout to Unitholders for the period 1 January 2021 to 30 June 2021 | |
| - Record date | 5 August 2021 |
| - Payment date | 13 August 2021 |
| Distribution payout to Unitholders for the period 1 July 2021 to 31 December 2021 | |
| - Record date | 7 February 2022 |
| - Payment date | 11 February 2022 |
| Despatch of Annual Report to Unitholders | 28 March 2022 |
| Annual General Meeting | 19 April 2022 |

CORPORATE INFORMATION

TRUSTEE-MANAGER OF KEPPEL INFRASTRUCTURE TRUST

Keppel Infrastructure Fund Management Pte. Ltd.

Registered Address

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Phone: +65 6803 1818
Fax: +65 6251 4710
Email: info@kepinfratrust.com
Website: www.kepinfratrust.com

Principal Business Address

1 HarbourFront Avenue, Level 2
Keppel Bay Tower
Singapore 098632

Investor Relations contact:

Phone: +65 6803 1857
Email: investor.relations@kepinfratrust.com

DIRECTORS OF THE TRUSTEE-MANAGER

Mr Daniel Cuthbert Ee Hock Huat
Chairman of the Board
Independent Director

Mr Thio Shen Yi
Independent Director

Mr Mark Andrew Yeo Kah Chong
Independent Director

Mr Kunnasagaran Chinniah
Independent Director

Ms Susan Chong Suk Shien
Independent Director

Ms Christina Tan Hua Mui
Non-Executive Director

AUDIT AND RISK COMMITTEE

Mr Mark Andrew Yeo Kah Chong (Chairman)
Mr Daniel Cuthbert Ee Hock Huat
Mr Kunnasagaran Chinniah

NOMINATING AND REMUNERATION COMMITTEE

Mr Thio Shen Yi (Chairman)
Mr Daniel Cuthbert Ee Hock Huat
Mr Mark Andrew Yeo Kah Chong
Ms Christina Tan Hua Mui

BOARD ESG COMMITTEE¹

Mr Kunnasagaran Chinniah (Chairman)
Mr Daniel Cuthbert Ee Hock Huat
Mr Thio Shen Yi
Ms Susan Chong Suk Shien

INVESTMENT COMMITTEE

Ms Christina Tan Hua Mui (Chairman)
Mr Daniel Cuthbert Ee Hock Huat
Mr Kunnasagaran Chinniah

COMPANY SECRETARY

Mr Tan Wei Ming, Darren

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

Boardroom Corporate &
Advisory Services Pte Ltd
(A member of Boardroom Limited)
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Phone: +65 6536 5355
Fax: +65 6536 1360

AUDITORS

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809
Phone: +65 6224 8288
Fax: +65 6538 6166

Partner-in-charge:

Mr Ng Hock Lee
Year appointed: 2020

¹ On 26 January 2022, the Board approved the cessation of the Board Safety Committee and the Conflicts Resolution Committee and concurrently, the constitution of the Board ESG Committee, comprising Mr Kunnasagaran Chinniah as Chairman of the Board ESG Committee, and Mr Daniel Cuthbert Ee Hock Huat, Mr Thio Shen Yi and Ms Susan Chong Suk Shien as members. The Board ESG Committee is responsible for, among others, developing and articulating KIT's ESG strategy as well as overseeing the matters that fall within the purview of the Board Safety Committee and Conflicts Resolution Committee, which includes discharging its responsibilities in HSSE and reviewing the conflicts or potential conflicts that may arise in the course of KIT's business or operations.

NOTICE OF ANNUAL GENERAL MEETING



(Business Trust Registration No. 2007001)
(Constituted in the Republic of Singapore as a business trust
pursuant to a trust deed dated 5 January 2007 (as amended))

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the holders of units of Keppel Infrastructure Trust ("**KIT**", and the holders of units of KIT, "**Unitholders**") will be convened and held by electronic means (see Explanatory Notes 1 to 9) on 19 April 2022 at 3.00 p.m. (Singapore time) to transact the following business:

(A) AS ORDINARY BUSINESS

- | | | |
|----|---|------------------------------|
| 1. | To receive and adopt the Trustee-Manager's Statement and the Audited Financial Statements of KIT for the year ended 31 December 2021 and the Independent Auditor's Report thereon. | Ordinary Resolution 1 |
| 2. | To re-appoint Messrs Deloitte & Touche LLP as the Auditor of KIT to hold office until the conclusion of the next AGM of KIT, and to authorise Keppel Infrastructure Fund Management Pte. Ltd., acting in its capacity as trustee-manager of KIT (the " Trustee-Manager ") to fix their remuneration. | Ordinary Resolution 2 |
| 3. | To endorse the appointments of the following directors of the Trustee-Manager (the " Directors "), pursuant to the undertaking dated 1 March 2020 provided by Keppel Capital Holdings Pte. Ltd. (" Keppel Capital ") to the Trustee-Manager: | |
| | (a) Mr Kunnasagaran Chinniah; and | Ordinary Resolution 3 |
| | (b) Ms Christina Tan Hua Mui. | Ordinary Resolution 4 |
| | (Please see Explanatory Note 10) | |

(B) AS SPECIAL BUSINESS

To consider, and, if thought fit, to pass with or without any modifications, the following resolutions:

- | | | |
|----|--|------------------------------|
| 4. | That pursuant to Clause 6.1 of the trust deed dated 5 January 2007 constituting KIT, as amended and restated by an Amendment and Restatement Deed dated 18 May 2015 (the " Trust Deed ") and as supplemented by a First Supplemental Deed dated 17 April 2018, Section 36 of the Business Trusts Act 2004 (the " Business Trusts Act ") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (" SGX-ST "), the Trustee-Manager be authorised and empowered to: | Ordinary Resolution 5 |
| | (a) (i) issue units in KIT (" Units ") whether by way of rights, bonus or otherwise; and/or | |
| | (ii) make or grant offers, agreements or options (collectively, " Instruments ") that would or might require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units, | |
| | at any time and on such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and | |
| | (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution was in force, | |

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) in each class (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) in each class (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) shall be calculated based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of any Instruments which were issued and are outstanding or subsisting at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed (unless otherwise exempted or waived by the Monetary Authority of Singapore ("**MAS**") and the Business Trusts Act (unless otherwise exempted or waived by the MAS);
- (4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (a) the conclusion of the next AGM of KIT or (b) the date by which the next AGM of KIT is required by applicable regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment, notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Trustee-Manager and any of its Directors, Chief Executive Officer, Chief Financial Officer or Head, Finance be and are hereby severally authorised to complete and do all such acts and things (including executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer, Chief Financial Officer or Head, Finance may consider expedient or necessary or in the interest of KIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note 11)

5. That:

- (a) approval be and is hereby given for the renewal of, the Unitholders' general mandate for KIT, its subsidiaries and associated companies that are "entities at risk" as defined under Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, or any of these entities, to enter into any of the transactions falling within the categories of interested person transactions described in the Appendix accompanying this Notice of AGM dated 28 March 2022 (the "**Appendix**"), and generally on the terms set out in the Appendix, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders, and are entered into in accordance with the review procedures for such interested person transactions as set out in the Appendix (the "**Unitholders' Mandate**");
- (b) the Unitholders' Mandate shall, unless revoked or varied by the Unitholders in a general meeting, continue in force until the date that the next AGM of KIT is held or is required by law to be held, whichever is earlier;
- (c) the Audit and Risk Committee of the Trustee-Manager be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and

Ordinary Resolution 6

- (d) the Trustee-Manager and any of its Directors, Chief Executive Officer, Chief Financial Officer or Head, Finance be and are hereby severally authorised to complete and do all such acts and things (including, executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer, Chief Financial Officer or Head, Finance may consider expedient or necessary or in the interest of KIT to give effect to the Unitholders' Mandate and/or this Resolution.

(Please see Explanatory Note 12)

Ordinary Resolution 7

6. That:

- (a) the exercise of all the powers of the Trustee-Manager to repurchase issued Units for and on behalf of KIT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Trustee-Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (i) market purchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or
 - (ii) off-market purchase(s) (which are not market purchase(s)) in accordance with any equal access scheme(s) as may be determined or formulated by the Trustee-Manager as it considers fit in accordance with the Trust Deed,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the **"Unit Buy-Back Mandate"**);

- (b) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred on the Trustee-Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Trustee-Manager at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next AGM of KIT is held;
 - (ii) the date by which the next AGM of KIT is required by applicable laws and regulations or the Trust Deed to be held; or
 - (iii) the date on which repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated;

- (c) in this Resolution:

"Average Closing Price" means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market purchase or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the market purchase(s) or, as the case may be, the date on which the offer pursuant to the off-market purchase(s), is made;

"date of the making of the offer" means the date on which the Trustee-Manager makes an offer for an off-market purchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market purchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market purchase;

"Market Day" means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

"Maximum Limit" means that number of Units representing 5% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) as at the date of the passing of this Resolution; and

"Maximum Price" in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market purchase of a Unit, 105% of the Average Closing Price of the Units; and
- (ii) in the case of an off-market purchase of a Unit, 110% of the Average Closing Price of the Units; and

NOTICE OF ANNUAL GENERAL MEETING

- (d) the Trustee-Manager and any of its Directors, Chief Executive Officer, Chief Financial Officer or Head, Finance be and are hereby severally authorised to complete and do all such acts and things (including, executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer, Chief Financial Officer or Head, Finance may consider expedient or necessary or in the interest of KIT to give effect to the Unit Buy-Back Mandate and/or this Resolution.

(Please see Explanatory Note 13)

(C) AS OTHER BUSINESS

7. To transact such other business as may be transacted at an AGM of KIT.

Unitholders are invited to send in their questions relating to the resolutions above to the Trustee-Manager by 3.00 p.m. on 12 April 2022. Please see Note 7 of this Notice of AGM on how Unitholders may submit their questions.

BY ORDER OF THE BOARD

Keppel Infrastructure Fund Management Pte. Ltd.

(Company Registration No. 200803959H)

as Trustee-Manager of Keppel Infrastructure Trust



Darren Tan

Company Secretary
Singapore

28 March 2022

Explanatory notes:

1. This AGM is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation issued on 4 February 2022 titled "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation". In addition to printed copies of this Notice of AGM that will be sent to Unitholders, Unitholders can also access this Notice of AGM on Keppel Infrastructure Trust's website at <https://www.keppelfrstrust.com/investor-information/agm-and-egm/> and SGXNet.
2. The proceedings of this AGM will be broadcasted "live" through an audio-and-video webcast and an audio-only stream. Unitholders who wish to attend the AGM or appoint a proxy (other than the Chairman of the AGM ("Chairman")) to attend the AGM and investors holding Units through Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors") who wish to attend the AGM must **pre-register at <https://www.keppelfrstrust.com/investor-information/agm-and-egm/> no later than 3.00 p.m. on 17 April 2022**. Following verification, an email containing instructions on how to join the "live" broadcast will be sent to authenticated persons by 5.00 p.m. on 18 April 2022.
3. Investors holding Units through relevant intermediaries ("Investors") (other than CPF/SRS investors) will not be able to pre-register at <https://www.keppelfrstrust.com/investor-information/agm-and-egm/> for the "live" broadcast of the AGM. An Investor (other than CPF/SRS investors) who wishes to participate in the "live" broadcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, via email to keppel@boardroomlimited.com no later than 3.00 p.m. on 17 April 2022.

In this Notice of AGM, a "relevant intermediary" means:

- (i) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Units in that capacity; or
 - (iii) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the AGM will be held by way of electronic means and as such a Unitholder will not be able to attend the AGM in person. A Unitholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the Annual General Meeting may:
 - (a) (i) vote "live" via electronic means at the AGM by pre-registering at <https://www.keppelfrstrust.com/2022meeting> by no later than 3.00 p.m. on 17 April 2022, or
 - (ii) appoint a proxy (other than the Chairman) to vote "live" via electronic means at the AGM on his/her/its behalf by submitting the proxy form in accordance with Explanatory Note 5 below and pre-registering such proxy by no later than 3.00 p.m. on 17 April 2022. Following verification, an email containing instructions on how to join the "live" broadcast will be sent to the Unitholder or such proxy (as the case may be) by 5.00 p.m. on 18 April 2022; or
 - (b) appoint the Chairman as his/her/its proxy to vote on his/her/its behalf at the AGM. A proxy need not be a Unitholder.

The instrument for the appointment of proxy ("proxy form") will be sent to Unitholders and may be accessed at Keppel Infrastructure Trust's website at <https://www.keppelfrstrust.com/investor-information/agm-and-egm/> or SGXNet. Where a Unitholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

Where a Unitholder (whether individual or corporate) appoints a proxy (other than the Chairman) to be his/her/its proxy through the proxy form to vote "live" via electronic means at the AGM but does not pre-register such proxy at <https://www.keppelfrstrust.com/investor-information/agm-and-egm/> by 3.00 p.m. on 17 April 2022, (a) if specific instructions as to voting, or abstentions from voting, in respect of a resolution in such proxy form is given, the Chairman will be appointed as the proxy to vote in accordance with such instructions, or (b) if specific instructions are not given as to voting, or abstentions from voting, in respect of a resolution in such proxy form, the appointment of such proxy (other than the Chairman) as proxy for that resolution will be treated as invalid.

5. The proxy form must be submitted in the following manner:

- (a) if submitted by post, be lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if submitted electronically, be submitted via email to keppel@boardroomlimited.com,

in either case, by 3.00 p.m. on 17 April 2022, being **48 hours before the time appointed for holding this AGM**.

A Unitholder who wishes to submit the proxy form must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed proxy forms by post, Unitholders are strongly encouraged to submit completed proxy forms electronically via email.

6. The proxy form is not valid for use by Investors (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them.

A CPF/SRS investor who wishes to exercise his/her vote at the AGM:

- (a) may vote "live" via electronic means at the AGM by pre-registering at <https://www.keppelfrstrust.com/2022meeting> by no later than 3.00 p.m. on 17 April 2022; or
- (b) may have the Chairman appointed as proxy to vote on his/her behalf at the AGM, in which case he/she should approach his/her respective CPF agent bank or SRS operator to specify his/her voting instructions by 5.00 p.m. on 7 April 2022, being 7 working days before the date of the AGM. CPF/SRS investors are not able to appoint proxies of their own.

An Investor (other than CPF/SRS investors) who wishes to vote should instead approach his/her/its relevant intermediary as soon as possible, and by no later than 5.00 p.m. on 7 April 2022 to specify his/her/its voting instructions, including but not limited to, whether he/she wishes to vote "live" via electronic means at the AGM.

7. Unitholders and Investors will be able to ask questions during this AGM via the "live" textbox function. All Unitholders and Investors may also submit questions relating to the business of this AGM no later than 3.00 p.m. on 12 April 2022:

- (a) via the pre-registration website at <https://www.keppelfrstrust.com/2022meeting>;
- (b) by email to investor.relationships@keppelfrstrust.com; or
- (c) by post to the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

The Trustee-Manager will answer all substantial and relevant questions received prior to **3.00 p.m. on 12 April 2022** through the publication of its responses on Keppel Infrastructure Trust's website and on SGXNet by 3.00 p.m. on 14 April 2022.

8. All documents (including Keppel Infrastructure Trust's Annual Report 2021, the proxy form, this Notice of AGM and the Appendix to this Notice of AGM dated 28 March 2022 (in relation to the Unitholders' Mandate for Interested Person Transactions and the Unit Buy-Back Mandate)) and information relating to the business of this AGM have been, or will be, published on SGXNet and/or Keppel Infrastructure Trust's website at <https://www.keppelfrstrust.com/investor-information/agm-and-egm/>. **Printed copies of Keppel Infrastructure Trust's Annual Report 2021 will not be despatched to Unitholders.** Unitholders and Investors are advised to check SGXNet and/or Keppel Infrastructure Trust's website regularly for updates.
9. Any reference to a time of day is made by reference to Singapore time.

NOTICE OF ANNUAL GENERAL MEETING

10. Ordinary Resolutions 3 and 4

Keppel Capital has on 1 March 2021 provided an undertaking (the "**Undertaking**") to the Trustee-Manager:

- to procure the Trustee-Manager to seek Unitholders' endorsement for the appointment of the persons who are Directors as of 1 March 2021 ("**Existing Directors**") no later than the AGM to be held in 2023, provided that the Trustee-Manager shall seek Unitholders' endorsement for at least one-third of the Existing Directors (or if their number is not a multiple of three then the number nearest to one-third) at each of the AGMs in 2021 and 2022;
- to procure the Trustee-Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
- (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Trustee-Manager to seek Unitholders' endorsement for his or her appointment as a Director at the next AGM immediately following his or her appointment; and
- to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting where the endorsement or re-endorsement (as the case may be) for his or her appointment was sought, to resign or otherwise be removed from the board of Directors ("**Board**") either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and with the regulatory approval for such appointment (if any) has been obtained.

The Undertaking shall remain in force for so long as Keppel Capital continues to hold a majority of the shares in the Trustee-Manager and Keppel Infrastructure Fund Management Pte. Ltd. remains as the trustee-manager of KIT. The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Trustee-Manager or Keppel Capital from appointing or procuring the appointment of any Director from time to time in accordance with applicable laws and regulations (including any applicable rule of the SGX-ST) and the Constitution of the Trustee-Manager.

Detailed information on the Directors can be found in the "Board of Directors" section of KIT's Annual Report 2021. Mr Kunnasagaran Chinniah will, upon endorsement, continue to serve as Chairman of the Board Environmental, Social and Governance Committee and a member of the Audit and Risk Committee and the Investment Committee. Ms Christina Tan Hua Mui will, upon endorsement, continue to serve as the Chairman of the Investment Committee and a member of the Nominating and Remuneration Committee. Mr Kunnasagaran Chinniah is considered as an independent Director.

The list of all current directorships in other listed companies and details of other principal commitments of the Directors are set out at pages 12 to 13 of KIT's Annual Report 2021.

11. Ordinary Resolution 5

Ordinary Resolution 5 above, if passed, will empower the Trustee-Manager from the date of the AGM until (i) the conclusion of the next AGM of KIT, (ii) the date by which the next AGM of KIT is required by law to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) in each class, of which up to 20% may be issued on other than a pro rata basis to Unitholders.

For determining the aggregate number of Units that may be issued, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) will be calculated based on the issued Units at the time Ordinary Resolution 5 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which were issued and are outstanding or subsisting at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Ordinary Resolution 5 above, if passed, will also empower the Trustee-Manager from the date of this AGM until the date of the next AGM of KIT, to allot and issue Units to itself instead of cash in the event the Trustee-Manager elects in accordance with Clause 11 of the Trust Deed to receive all or any part of the fees due and payable to it in Units, provided that such allotment and issue shall be in accordance with the provisions of the Trust Deed, the Business Trusts Act and applicable regulations.

12. Ordinary Resolution 6

Ordinary Resolution 6 relates to the renewal of a mandate given by the Unitholders on 20 April 2021, approving KIT, its subsidiaries and associated companies that are "entities at risk" (as that term is used in Chapter 9), or any of these entities, to enter into transactions falling within the types of interested person transactions described as Interested Person Transactions (as defined in the Appendix) with any party who is of the class of interested persons described in the Appendix. Please refer to the Appendix for further details.

13. Ordinary Resolution 7

Ordinary Resolution 7 is to renew the Unit Buy-Back Mandate which was approved at the AGM of KIT on 20 April 2021 and if passed, will empower the Trustee-Manager from the date of the AGM of KIT until (i) the date on which the next AGM of KIT is held, (ii) the date by which the next AGM of KIT is required by applicable laws and regulations or the Trust Deed to be held, or (iii) the date on which the repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated, whichever is the earliest, to exercise all the powers to repurchase issued Units for and on behalf of KIT not exceeding in aggregate 5% of the total number of Units (excluding treasury Units and subsidiary holdings, if any) as at the date of the passing of this Resolution, whether by way of market purchase(s) or off-market purchase(s), on the terms of the Unit Buy-Back Mandate set out in the Appendix unless such authority is revoked or varied by the Unitholders in a general meeting. The Trustee-Manager intends to utilise KIT's internal sources of funds, external borrowings or a combination of both to finance the repurchase of Units on behalf of KIT pursuant to the Unit Buy-Back Mandate. Please refer to the Appendix for further details.

Personal Data Privacy:

By (a) submitting the pre-registration form; (b) submitting any question prior to or at the AGM; and/or (c) voting "live" or voting via the submission of a proxy form appointing a proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder consents to the collection, use and disclosure of the Unitholder's personal data by the Trustee-Manager (or their agents or service providers) for the purpose of the processing, administration and analysis by the Trustee-Manager (or their agents or service providers) of the appointment of proxies as proxy for the AGM (including any adjournment thereof), the processing of electronic voting by the Unitholders (or their appointed proxies) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Trustee-Manager (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

In the case of a Unitholder who is a relevant intermediary, by submitting a consolidated list of participants for the "live" broadcast of the AGM, the Unitholder warrants that the Unitholder has obtained the prior consent of such participant(s) for the collection, use and disclosure by the Trustee-Manager (or their agents or service providers) of the personal data of such participant(s) for the purpose of the processing and administration by the Trustee-Manager (or their agents or service providers) of the "live" broadcast of the AGM (including any adjournment thereof), the processing of electronic voting, the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Trustee-Manager (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

PROXY FORM



(Business Trust Registration No. 2007001)
(Constituted in the Republic of Singapore as a business trust
pursuant to a trust deed dated 5 January 2007 (as amended))

IMPORTANT

1. This AGM (as defined below) will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation issued on 4 February 2022 titled "Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation". In addition to printed copies of the Notice of AGM and this Proxy Form that will be sent to unitholders of Keppel Infrastructure Trust ("Unitholders"), Unitholders can also access the Notice of AGM and this Proxy Form on Keppel Infrastructure Trust's website at <https://www.keppelinfrastructure.com/investor-information/agg-and-egm/> and SGXNet.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio- and video webcast or "live" audio-only stream), submission of questions to the Trustee-Manager prior to the AGM and/or via the live textbox function at the AGM, addressing of substantial and relevant questions prior to the AGM and voting "live" via electronic means or by appointing a proxy at the AGM, are set out in the Notice of AGM and the accompanying announcement dated 28 March 2022. This announcement may be accessed at Keppel Infrastructure Trust's website at <https://www.keppelinfrastructure.com/investor-information/agg-and-egm/> and SGXNet.
3. In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the AGM will be held by way of electronic means and as such, a Unitholder will not be able to attend the AGM in person. A Unitholder (whether an individual or corporate) who wishes to exercise his/her/its voting rights at the AGM may (a) vote "live" via electronic means at the AGM or appoint a proxy (other than the Chairman of the AGM ("Chairman")) to vote "live" via electronic means at the AGM on his/her/its behalf; or (b) appoint the Chairman as his/her/its proxy to vote on his/her/its behalf at the AGM. A Proxy need not be a Unitholder.
4. This Proxy Form is not valid for use by investors holding units in Keppel Infrastructure Trust ("Units") through relevant intermediaries ("Investors") (including investors holding through Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. Such Investors (including CPF/SRS investors) should refer instead to the instructions set out in the Notice of AGM and the accompanying announcement dated 28 March 2022. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible, and no later than 5.00 p.m. on 7 April 2022 to specify voting instructions, including but not limited to, whether they wish to vote "live" via electronic means.
5. **Personal Data Privacy:** By submitting this Proxy Form, a Unitholder accepts and agrees to the personal data terms set out in the Notice of AGM dated 28 March 2022.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman as a Unitholder's proxy to vote on his/her/its behalf at the AGM.**

ANNUAL GENERAL MEETING

I/We _____ (Name(s)) _____ (NRIC/Passport/Co Reg Number(s))

of _____ (address)

being a Unitholder/Unitholders of Keppel Infrastructure Trust ("KIT"), hereby appoint:

| Name | Address | NRIC/ Passport Number | Proportion of Unitholdings | |
|------|---------|--------------------------|----------------------------|---|
| | | | No. of Units | % |
| | | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/ Passport Number | Proportion of Unitholdings | |
|------|---------|--------------------------|----------------------------|---|
| | | | No. of Units | % |
| | | | | |

or failing him/her, or if no persons are named above, the Chairman of the Annual General Meeting (the "Chairman"), as my/our proxy/proxies to attend, speak and vote on my/our behalf at the Annual General Meeting of KIT ("AGM") to be convened and held by way of electronic means on 19 April 2022 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies (other than the Chairman) will vote or abstain from voting at his/her/their discretion, as he/she/they may determine on any other matter arising at the AGM. In the absence of specific directions in respect of a resolution, any appointment of the Chairman as your proxy for that resolution will be treated as invalid.

| No. | Ordinary Resolutions | For * | Against * | Abstain * |
|-------------------------|---|-------|-----------|-----------|
| | Ordinary Business | | | |
| 1. | To receive and adopt the Trustee-Manager's Statement and the Audited Financial Statements of KIT for the year ended 31 December 2021, and the Independent Auditor's Report thereon. (Ordinary Resolution 1) | | | |
| 2. | To re-appoint Messrs Deloitte & Touche LLP as the Auditor of KIT, and to authorise the Trustee-Manager to fix the Auditor's remuneration. (Ordinary Resolution 2) | | | |
| 3. | To endorse the appointment of Mr Kunnasagaran Chinniah as Director. (Ordinary Resolution 3) | | | |
| 4. | To endorse the appointment of Ms Christina Tan Hua Mui as Director. (Ordinary Resolution 4) | | | |
| Special Business | | | | |
| 5. | To authorise the Trustee-Manager to issue Units and to make or grant convertible instruments. (Ordinary Resolution 5) | | | |
| 6. | To approve the renewal of the Unitholders' Mandate. (Ordinary Resolution 6) | | | |
| 7. | To approve the renewal of the Unit Buy-Back Mandate. (Ordinary Resolution 7) | | | |

* If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Units in the boxes provided. If you wish to abstain from voting on a resolution, please tick (✓) within the relevant box provided. Alternatively, please indicate the number of Units which you wish to abstain from voting, in the box provided.

Dated this _____ day of _____ 2022

| | |
|-------------------------------|--|
| Total Number of Units held | |
|-------------------------------|--|

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

IMPORTANT: Please read the notes overleaf before completing this Proxy Form.

Fold and glue along dotted line

Notes to the Proxy Form:

1. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 and maintained by The Central Depository (Pte) Limited ("CDP")), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of KIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
2. **In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the AGM will be held by way of electronic means and as such a Unitholder will not be able to attend the AGM in person. A Unitholder (whether an individual or a corporate) who wishes to exercise his/her/its voting rights at the AGM may (a) vote "live" via electronic means at the AGM or appoint a proxy (other than the Chairman) to vote "live" via electronic means at the AGM on his/her/its behalf; or (b) appoint the Chairman as his/her/its proxy to vote on his/her/its behalf at the AGM.** A proxy need not be a Unitholder. Where a Unitholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
3. The Proxy Form is not valid for use by Investors (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (other than a CPF/ SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions, and no later than 5.00 p.m. on 7 April 2022 to specify voting instructions, including but not limited to, whether they wish to vote "live" via electronic means. A CPF/SRS investor who wishes to exercise their votes at the AGM may (a) vote "live" via electronic means at the AGM by pre-registering at <https://www.kepinfratrust.com/2022meeting> by no later than 3.00 p.m. on 17 April 2022; or (b) have the Chairman appointed as proxy to vote on his/her behalf at the AGM, in which case he/she should approach his/her respective relevant intermediary to specify his/her voting instructions by 5.00 p.m. on 7 April 2022, being 7 working days before the date of the AGM.
4. The Proxy Form must be submitted in the following manner:
 - (a) if submitted by post, be lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) if submitted electronically, be submitted via **email to keppel@boardroomlimited.com**, in either case, by 3.00 p.m. on 17 April 2022, being **48 hours before the time appointed for holding this AGM.**

A Unitholder who wishes to submit the Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.

Fold along this line (1)

Affix
Postage
Stamp

Keppel Infrastructure Fund Management Pte. Ltd.
(as Trustee-Manager of Keppel Infrastructure Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower Singapore 098632

Fold along this line (2)

5. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy shall be deemed to be revoked if a Unitholder attends the "live" broadcast of the AGM.
6. The Proxy Form shall be in writing, under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised. The Trustee-Manager shall have the right to reject a Proxy Form which has not been properly completed. In determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, the Trustee-Manager shall have regard to any instructions and/or notes set out in the Proxy Form.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Trustee-Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Proxy Form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place as the Trustee-Manager may in the notice convening the meeting direct, or if no such place is appointed, then at the registered office of the Trustee-Manager not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the Proxy Form proposes to vote and in default the Proxy Form shall not be treated as valid. No Proxy Form shall be valid after the expiration of 12 months from the date named in it as the date of its execution.
9. Any reference to a time of day is made by reference to Singapore time.

General:

The Trustee-Manager shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by the CDP to the Trustee-Manager.



Keppel Infrastructure Fund Management Pte. Ltd.

(as Trustee-Manager of Keppel Infrastructure Trust)

1 HarbourFront Avenue, Level 2

Keppel Bay Tower

Singapore 098632

Tel: (65) 6803 1818

Fax: (65) 6251 4710

www.kepinfratrust.com

Co Reg No: 200803959H