



Keppel Infrastructure Trust
Responsible Investment Policy¹

July 2023
Singapore

¹ Prepared by SGS and Keppel Capital

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About Keppel Infrastructure Trust

Keppel Infrastructure Trust (“KIT”) (“the Fund”) plays a critical role in supporting Singapore’s circular economy and economic growth, through providing electricity and gas, managing waste, and enhancing water security. Globally, its portfolio of critical infrastructure includes town gas production, gas pipelines, wind farms, 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 across the Asia Pacific, Europe, and the Middle East.

KIT’s investment strategy is to build a well-diversified portfolio of businesses and assets that exhibits linkage to economic growth and domestic inflation. This will support the long-term growth of 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 long-term 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 infrastructure that will enhance economic growth and social wellbeing.

The Trustee-Manager for KIT is Keppel Infrastructure Fund Management Pte. Ltd. (“the Trustee-Manager”), a wholly-owned subsidiary of Keppel Capital Holdings Pte Ltd (“Keppel Capital”), a premier asset manager with a diversified portfolio of 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.

About Keppel Capital

Keppel Capital is a premier global asset manager and the asset management arm of Keppel Corporation Limited² (“Keppel”), one of Singapore’s flagship multinational companies with a global footprint in more than 20 countries. Keppel provides solutions for sustainable urbanisation, focusing on energy & environment, urban development, connectivity and asset management.

With assets under management of approximately S\$50 billion³ as at end-2022, Keppel Capital has a diversified portfolio of real estate, infrastructure, data centres and alternative assets in key global markets.

² As part of the Keppel Corporation Limited group of companies.

³ Gross asset value of investments and uninvested capital commitments on leveraged basis to project fully-invested AUM.

Keppel Capital aims to create value and deliver sustainable returns for investors through a range of products including listed REITs, business trusts, private funds, separate accounts and pooled investment vehicles.⁴

About this Responsible Investment Policy

This Responsible Investment Policy ("the Policy") communicates KIT's ESG philosophy and investment approach. It complements [KIT's ESG Policy](#), and details how the Fund is aligned with the Keppel Capital Responsibility Investment Policy, which can be found on Keppel Capital's website [here](#).

In addition, the Policy is aligned with the ESG strategy of Keppel, and includes contributing to the United Nations Sustainable Development Goals. We take reference from Keppel's policies to guide our management of ESG issues. These policies include:

- [Keppel Corporation Board Diversity Policy](#)
- [Keppel Group Code of Conduct](#)
- [Keppel Group Environmental Sustainability Policy](#)
- [Keppel Group Global Anti-Bribery Policy](#)
- [Keppel Group Health, Safety and Environment Policy](#)
- [Keppel Group Human Rights Policy](#)
- [Keppel Group Statement on Diversity & Inclusion](#)
- [Keppel Group Supplier Code of Conduct](#)

The Trustee-Manager, through Keppel Capital, is a signatory of the United Nations-supported Principles for Responsible Investment ("PRI"), committed to adopting the PRI's six Principles where possible.

For the avoidance of doubt, "ESG" and "Sustainability" will be used interchangeably in the Policy. The Trustee-Manager will periodically review and update the Policy as necessary.

Scope

The Policy applies to our investments in Singapore and globally, where KIT invests, operates, and has a controlling influence. In cases where KIT has a limited ability to influence, only certain elements of the Policy may apply. The Policy is also subject to various factors such as geographical location and percentage of holding.

⁴ Regulated activities for fund management and real estate investment trust management are carried out by the respective REIT and private fund managers under the Keppel Capital umbrella. Keppel Capital itself does not carry out fund management activities.

Sustainability Strategy at Keppel Infrastructure Trust

Our approach is to actively evaluate, consider, and integrate a broad range of ESG themes material to KIT across our operations, and in evaluating our investment decisions. KIT adopts a three-pronged sustainability approach—Environmental Stewardship, Responsible Business and People & Community. In each area, we address risks and opportunities of ESG topics most material to us based on our understanding of our impact and our stakeholders’ interest.

In 2021, the Trustee-Manager worked with an external sustainability consultant to conduct a materiality assessment, which guided its sustainability strategy and management approach. This serves to ensure that the Trustee-Manager focuses its efforts to stay relevant in today’s macro environment and changing business landscape.

The materiality assessment was conducted based on a systematic 3-stage process, with in-depth engagement of internal and external stakeholders including Board members, employees of the Trustee-Manager, investors, customers, suppliers and business partners. The final list of material ESG factors has been reviewed and approved by the Board.

The prioritised list of ESG factors is presented in the table below, categorised by material and important ESG factors which represent their level of materiality as determined through the assessment process⁵. KIT seeks to improve the management of ESG topics in our own operations and investments where possible.

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

⁵ The ESG factors within each tier are in alphabetical order

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



Environmental Stewardship

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

Furthermore, we aim to increase our exposure to renewable energy by up to 25% equity-adjusted AUM by 2030. For instance, we have focused on optimising energy consumption across our portfolio through active monitoring and improving energy efficiency at KIT’s business and assets. We have also adopted renewable energy sources, such as solar and biomass derived from municipal solid waste, where feasible. On the environmental protection front, we commit to maintaining zero incidents of non-compliance with environmental laws and regulations.

We have also started incorporating the recommendations of the Taskforce on Climate-related Financial Disclosures (“TCFD”) in our reporting framework since 2021, as well as started screening our full Scope 3 greenhouse gas inventory and disclosing our findings in our Annual Reports. This will help us to better understand our carbon footprint and identify opportunities for reduction across our value chain.



Responsible Business

KIT aims to build a resilient portfolio of assets and businesses that delivers long-term sustainable growth and Unitholder value. For instance, we intend to maintain high standards of asset quality and ensure operational resiliency through regular maintenance works as well as capital investment in equipment upgrading. We also encourage the adoption of strong sustainability principles throughout the supply chain by ensuring all major suppliers (providing products or services valued at \$200,000 or more in a calendar year) sign and adhere to the Keppel Group Supplier Code of Conduct, in their business conduct, labour practices, safety and health, as well as local environmental regulations.

Furthermore, we commit to uphold high standards of cybersecurity and data protection best practices through the Keppel Cybersecurity governance structure to minimise cyber attack incidents. For the physical security of assets, we intend to maintain zero physical security breaches affecting plant operations.



People & Community

At KIT, we understand the importance of ensuring the health, safety, and well-being of our employees by implementing industry best practices and compliance with all relevant regulations to provide a safe work environment. For instance, we adopt the Keppel Zero Fatality Strategy, which outlines actionable measures to prevent workplace fatalities pandemic. In addition, we have committed to maintaining at least 30% of female Board representation.

Responsible Investment Approach

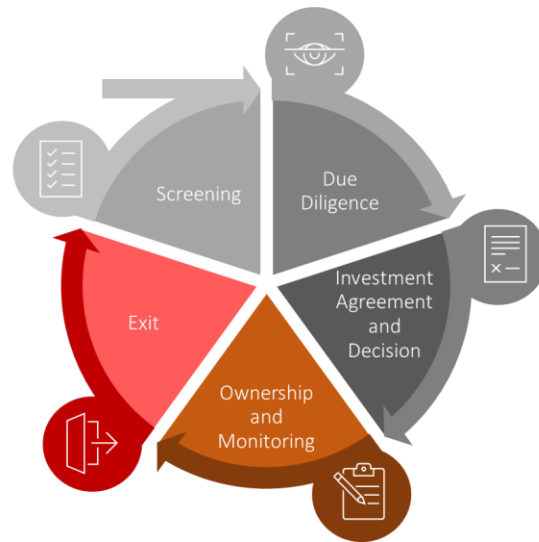
The Trustee-Manager, through Keppel Capital, is a signatory of the United Nations-supported Principles for Responsible Investment, committed to adopting the PRI's six Principles where possible. In addition, Keppel Capital has a proprietary ESG Framework ("Framework") which can be adapted into current practices where relevant.

Operationally, the Trustee-Manager may tap on the technical expertise of other business units within Keppel Group and external expertise where relevant to guide the management of investments to ensure higher ESG performance, such as better carbon performance or access to renewable energy.

ESG Integration – Keppel Capital's ESG Framework ("Framework")

The Framework follows a five-stage approach, with Keppel Capital's ESG Committee providing oversight, advice and guidance where needed. Our Framework for responsible supports the consideration of various ESG issues throughout our investment life cycle. It also includes criteria that will enable us to consider the most material impacts of our investments, both positive and negative.

Our existing investment approach includes working towards improving the financial returns of our investments, where we conduct risk assessments as part of the underwriting of the investments. The five stages of the Framework are depicted in the diagram below:



Stage 1: Screening/Pre-Due Diligence

Firstly, the Trustee-Manager performs an initial categorisation of the potential material environmental and social topics related to the investment. During this stage, the Trustee-Manager screens out any clear 'no-go' investments based on [the exclusion list](#). This stage facilitates internal alignment on the potential investment. In this stage, the Trustee-Manager considers material ESG factors as outlined in [Sustainability Strategy at Keppel Infrastructure Trust](#), which have been developed based on desktop research, in-depth stakeholder engagement and internal review with the top management.

At the screening stage, we leverage on in-house expertise to identify high risks and/or red flags. Screening provides a high-level view on whether the selected asset's ESG practices aligns with Keppel Capital. This information helps the Fund's team to allocate time, financial and human resources and shapes the scope of diligence for the Due Diligence stage.

In addition, where data is available, the Trustee-Manager may adopt industry-recognised scenario-analysis tools to ascertain the level of climate-related risks relevant to the investment vehicle.

Stage 2: Due Diligence ("DD")

At the next stage, the investment merits of the deal are assessed, whether to proceed to incur costs to carry out detailed DD investigations (including ESG DD) and to negotiate definitive documents in relation to the potential investment. For example, sustainability issues such as climate change are considered in the investment evaluation process. This is conducted with the use of a comprehensive, formalised and proprietary checklist, which covers ESG issues of the potential asset to be acquired.

Upon approval by the Investment Committee, the deal proceeds to the DD stage where the Trustee-Manager further examines the relevant ESG risks and opportunities. This may be conducted with the assistance of a third-party consultant where relevant. The evaluation of risks and opportunities are conducted via desktop research, site visits, and/or on-site technical evaluation, which allows the Trustee-Manager to make an informed decision considering (a) ESG factors such as energy efficiency, carbon emissions and (b) our capacity to manage them.

These DD findings provide critical information to the underwriting and negotiation processes.

Stage 3: Investment Agreement and Decision

If the negotiation and DD phase proceeds successfully, an action plan may be developed to manage identified ESG risks, based on findings arising from the DD. Appropriate risk mitigation measures are then implemented in the next stage. A deal may be rejected, in cases where the ESG risks are evaluated as being unacceptable.

Stage 4: Ownership and Monitoring

During this stage, the Trustee-Manager relies on in-house capabilities or engages relevant consultants, contractors, operating partners, and suppliers (as the case may be) to implement the action plan. The aim is to improve the asset's ESG performance where relevant in accordance with KIT's objectives or manage ESG risks associated with the investment. This stage is often highly dynamic and subjected to new developments, potential risks, and the Trustee-Manager's level of influence on the investment. Risks are managed through active consultation with the relevant stakeholders.

After the implementation of the action plan, we will put in place a regular monitoring process to ensure that the asset continues to meet the stipulated sustainability objectives where relevant. Data on measurable environmental metrics, such as energy usage, energy intensity, or carbon emissions, will be collected, monitored, and reported to ensure continued compliance with the Fund's sustainability objectives.

The Trustee-Manager continuously assesses opportunities and implements cost-effective measures for the reduction of carbon emissions and energy consumption, ensures responsible waste management, as well as minimises waste generation through a circular approach.

The Trustee-Manager also conducts regular operational meetings and incident monitoring to ensure that all emissions and effluents from the KIT portfolio are within the approved regulatory limits, and in compliance with applicable environmental regulations and standards.

Stage 5: Exit

Where relevant, this stage connects evidence and improved performances on ESG metrics, and the value add of the investment at an organisational level. During this stage, we may engage with buyers and external consultants to prepare reference material that support the investment vehicle's ESG management. This stage involves preparation and documentation for potential bidders and any financial modelling considering ESG aspects, if applicable.

Exclusions

KIT is committed to exclude investments that generate revenue from illegal drug or human trafficking, child labour, human slavery, and illegal weapons manufacturing. The exclusion list also avoids investments in activities that breach the Ten Principles of the UN Global Compact. Using the Framework, we conduct negative screening and do not invest in any activities that would generate revenue from unlawful activities.

Reporting and Disclosures

KIT publishes annual Sustainability Reports in accordance with the Global Reporting Initiative Standards, and is progressively aligning with the TCFD recommendations.

Stewardship and Stakeholder Engagement

The Trustee-Manager incorporates stakeholders' interests in making business decisions and to continually improve its ESG performance. Regular dialogues are conducted to understand and manage stakeholders' expectations, needs and feedback.

The Trustee-Manager communicates on topics that are most important to its stakeholders by measuring and reporting on associated performance metrics against material ESG factors. Such information is provided through appropriate channels to the respective stakeholders. For more information, please refer to [our Annual Reports on our website](#).

In addition, the Trustee-Manager actively engages with Unitholders with a view to solicit and understand their views. 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 Trustee-Manager's IR Policy allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with Unitholders. The IR Policy is published on KIT's website, and is reviewed regularly to ensure its relevance and effectiveness.

Governance

The Trustee-Manager established a dedicated Board ESG Committee (“BEC”) in January 2022 to further its leadership commitment to sustainability. 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. This includes the approval and review of performance and progress against targets on material ESG factors.

The BEC comprises three independent directors and convenes meetings at least quarterly to discuss KIT’s sustainability plans and review its performance. It 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 factors, which are reviewed periodically, with progress updated to the BEC at its quarterly meetings. In addition, there is representation from KIT in Keppel Capital’s ESG Committee.

KIT’s ESG Governance



Annex

ANNEX 1

[For Internal Use Only] The Ten Principles of the UN Global Compact

Corporate sustainability starts with a company’s value system and a principled approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Global Compact principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

The UN Global Compact’s Ten Principles are derived from: the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>
Anti-Corruption	<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>