



ESG Principles

May 2024

Clifford Capital ESG Principles

Clifford Capital is an infrastructure credit platform established with support from the Government of Singapore to fulfill the following policy mandates:

1. To address financing gaps in the project and structured financing markets facing companies with a Singapore nexus when investing overseas or exporting goods and services. Clifford Capital is also tasked to catalyse cross border business opportunities for such companies, to maximise value capture for Singapore, and to support the development of Singapore as a maritime hub.
2. To address infrastructure financing gaps by mobilising institutional capital to invest in products that facilitate capital recycling by banks. By doing so, Clifford Capital aims to support Singapore's development as an infrastructure financing hub.

Our Commitment

We are committed to promoting sustainable growth within our policy remits, mitigating climate risk and advancing climate opportunities. Our climate ambition is to reach net zero financed emissions (scope 1, 2 and 3) by 2050. As an interim target, we aim for a 30% reduction in carbon emissions intensity across our financed portfolios by 2030 in line with sectoral decarbonisation pathways that are needed to achieve the Paris climate goal. We regard the energy transition as critical and inevitable and aim to deploy our own and our investors' capital towards transition and sustainable financing.

Equally, we are mindful of our mandates to support clients with a Singapore nexus and to finance the development of infrastructure which is critical for the economic development of the Asia Pacific region, and for the energy transition worldwide. Where a Qualifying (Singapore) Company in an emissions intensive sector is committed to a credible and time bound transition pathway, we are in principle willing to finance projects or assets with a high emissions intensity, provided these (i) do not pose unmanageable transition and physical risk that transmit to credit or other risk considerations, including becoming stranded assets; (ii) do not involve sectors on our Exclusion List; and (iii) are compatible with our net zero commitment. We will not therefore finance the development of new oil and gas fields or their related infrastructure, or new fossil fuel power plants. However, we remain open to transition financing aimed at accelerating progress towards net zero. In this light, we are prepared to consider financing initiatives such as (i) the early phase out of coal fired power plants; (ii) the acquisition of existing fossil fuel assets from banks to free up their capital for sustainable lending, in which we expect to participate; and (iii) providing financing to hard-to-abate sectors for transition initiatives. When doing so, we will follow emerging guidelines for financing credible coal transition and work with banks which have net zero commitments. We have developed our own 'traffic lights' classification, which draws extensively on the Singapore-Asian Taxonomy, under which transactions classified as red can be considered by exception only and require board level approval.

Our Approach to Climate Risk and Sustainability

Given our responsibilities to our investors and capital providers, we are mindful of the climate-related risks facing our core businesses. Since by nature these involve long-dated infrastructure and asset financing, we aim to take far-sighted financing and investment decisions which will stand the test of time through the energy transition. We integrate climate risk considerations into our daily operations to ensure that we identify, evaluate and manage our exposure to climate change. We have developed tools to help us evaluate transactions in terms of their physical and transition risk.

We are committed to supporting responsible economic growth by creating a positive social and environmental impact for our clients, employees and investors. We evaluate the projects we finance with reference to IFC Performance Standards, ADB standards and the Equator Principles.

Our Approach to Social Issues

We expect our clients to respect labour rights and to provide a safe working environment for their employees and project staff. We acknowledge the rights of indigenous peoples and local communities to be properly consulted on projects which affect their lands and livelihoods. Our External Grievance Mechanism provides channels through which we can receive and action any complaints from affected communities.

Our Approach to Governance

We believe strong corporate governance, incorporating an effective control environment, transparent disclosure, and respect for stakeholders, is critical both for ourselves and for the clients with whom we engage. We acknowledge that our mandates require us to be open to business in emerging and frontier markets where governance standards may be less developed. In such cases, we will seek to conduct enhanced due diligence on projects and sponsors or use other means to obtain adequate assurance before we commit to finance.