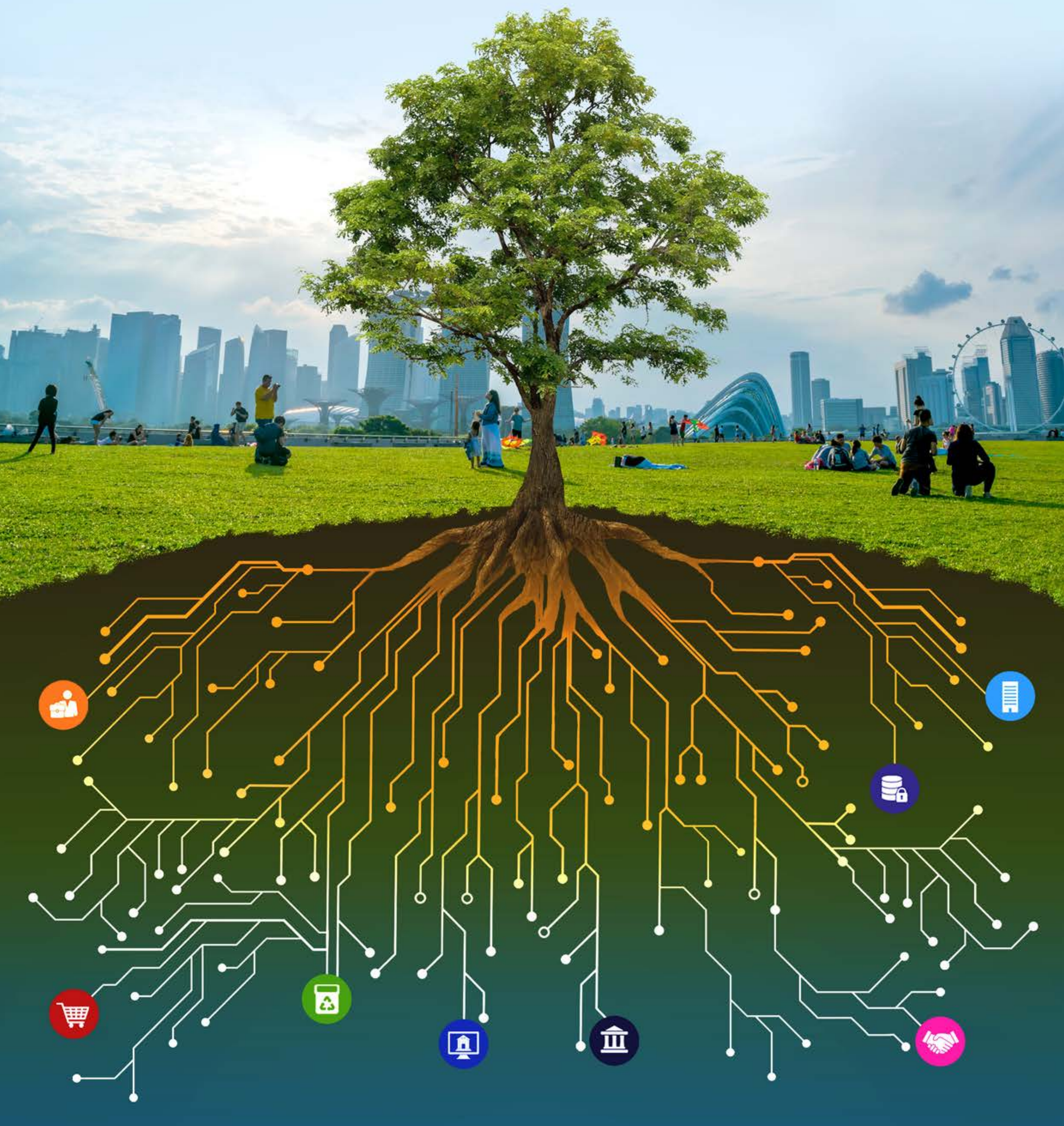
ANNUAL REPORT 2023

NetLinkNBN
*the fibre of a smart nation*

# GROWING A SUSTAINABLE NETWORK



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To read more visit www.netlinknbn.com or scan the QR code.

# WHO WE ARE

## The Fibre of a Smart Nation

NetLink NBN Trust's nationwide network is the foundation of Singapore's Nationwide Broadband Network (NBN), over which ultra-high-speed internet access is delivered throughout mainland Singapore and its connected islands.

NetLink NBN Trust and its subsidiaries ("NetLink") design, build, own and operate the passive fibre network infrastructure (comprising ducts, manholes, fibre cables and Central Offices) of Singapore's NBN. NetLink's extensive network provides nationwide coverage to residential homes and non-residential premises in mainland Singapore and its connected islands.

NetLink NBN Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 July 2017. It is a constituent of the FTSE ST Large and Mid Cap Index, FTSE ST Singapore Shariah Index and the MSCI Global Small Cap – Singapore Index.

## Vision

To be the leading telecommunications infrastructure provider in Singapore

## Mission

We connect consumers and businesses anywhere in Singapore to the nationwide fibre broadband network

We build strong and trusted partnerships with our industry operators to deliver reliable fibre connectivity to their customers

We provide open and equal access to all industry operators

We are committed to helping Singapore achieve its vision as a Smart Nation

## Core Values

**PARTNERSHIP**
We measure our success by our partners

**EXCELLENCE**
We relentlessly pursue quality and excellence

**INTEGRITY**
We are fair, honest and accountable

**TEAMWORK**
We leverage individual strengths to work as one

**RESPECT**
We care for every employee

# WHAT WE DO


## Residential Homes

- HDB/HIGH RISE RESIDENTIAL APARTMENT
- LANDED RESIDENTIAL AREA

NetLink's network is used mainly for the purpose of end-user fibre connections, currently for broadband, Internet-Protocol TV and Voice over Internet Protocol services. It is the only fibre network with nationwide residential coverage in Singapore.

## Central Offices

### CENTRAL OFFICES

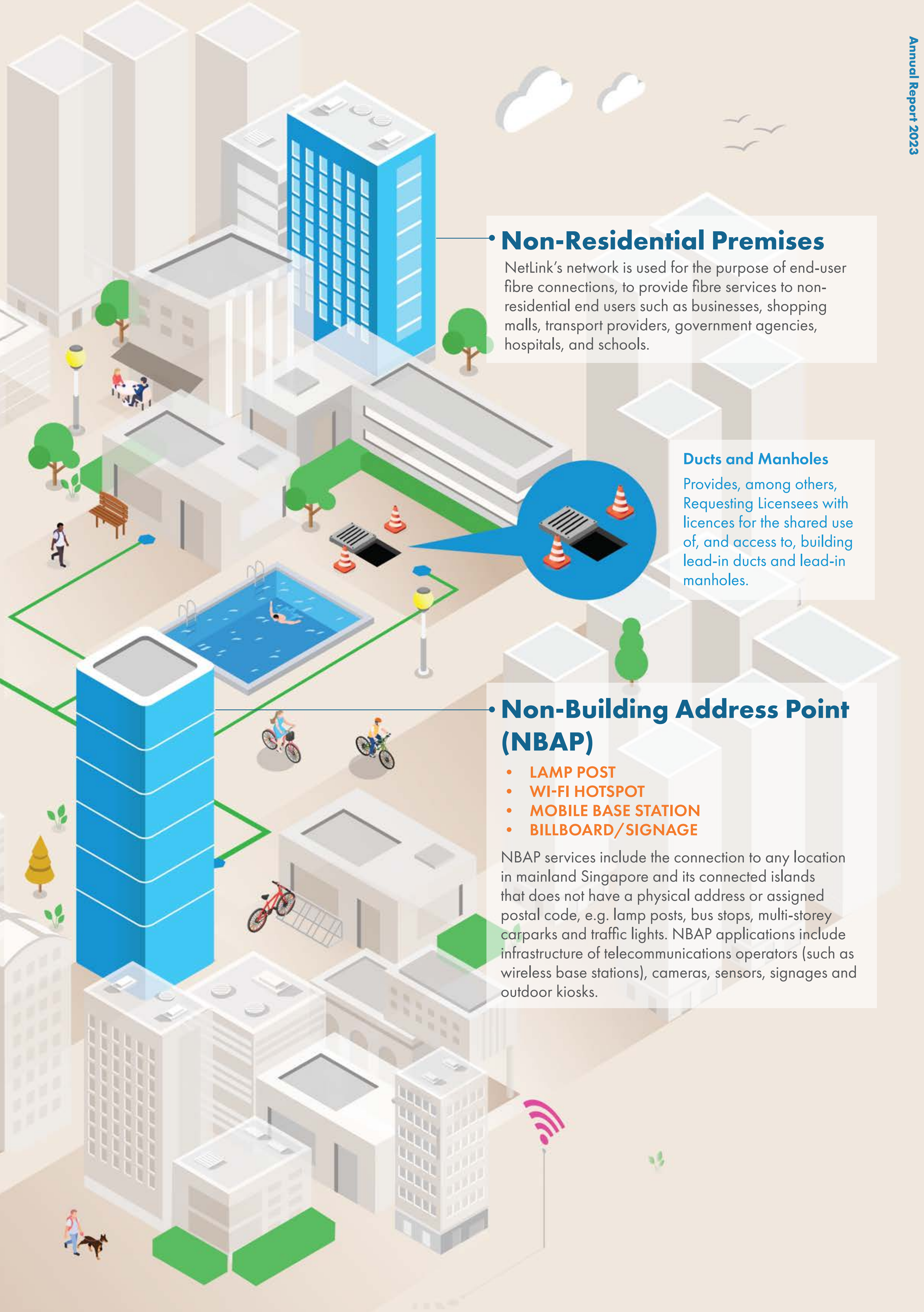
Leases space in NetLink's Central Offices to Singapore Telecommunications Limited ("Singtel") for housing of certain equipment and operations.

### CO-LOCATION

Provides space in co-location rooms within the Central Offices to Requesting Licensees, to host active network equipment, servers and other interconnecting equipment.

### Segment Fibre

Provides dedicated point-to-point fibre connections which comprise Central Office-to-Central Office fibre connections and Central Office-to-Main Distribution Frame room fibre connections, among others.



## Non-Residential Premises

NetLink's network is used for the purpose of end-user fibre connections, to provide fibre services to non-residential end users such as businesses, shopping malls, transport providers, government agencies, hospitals, and schools.

### Ducts and Manholes

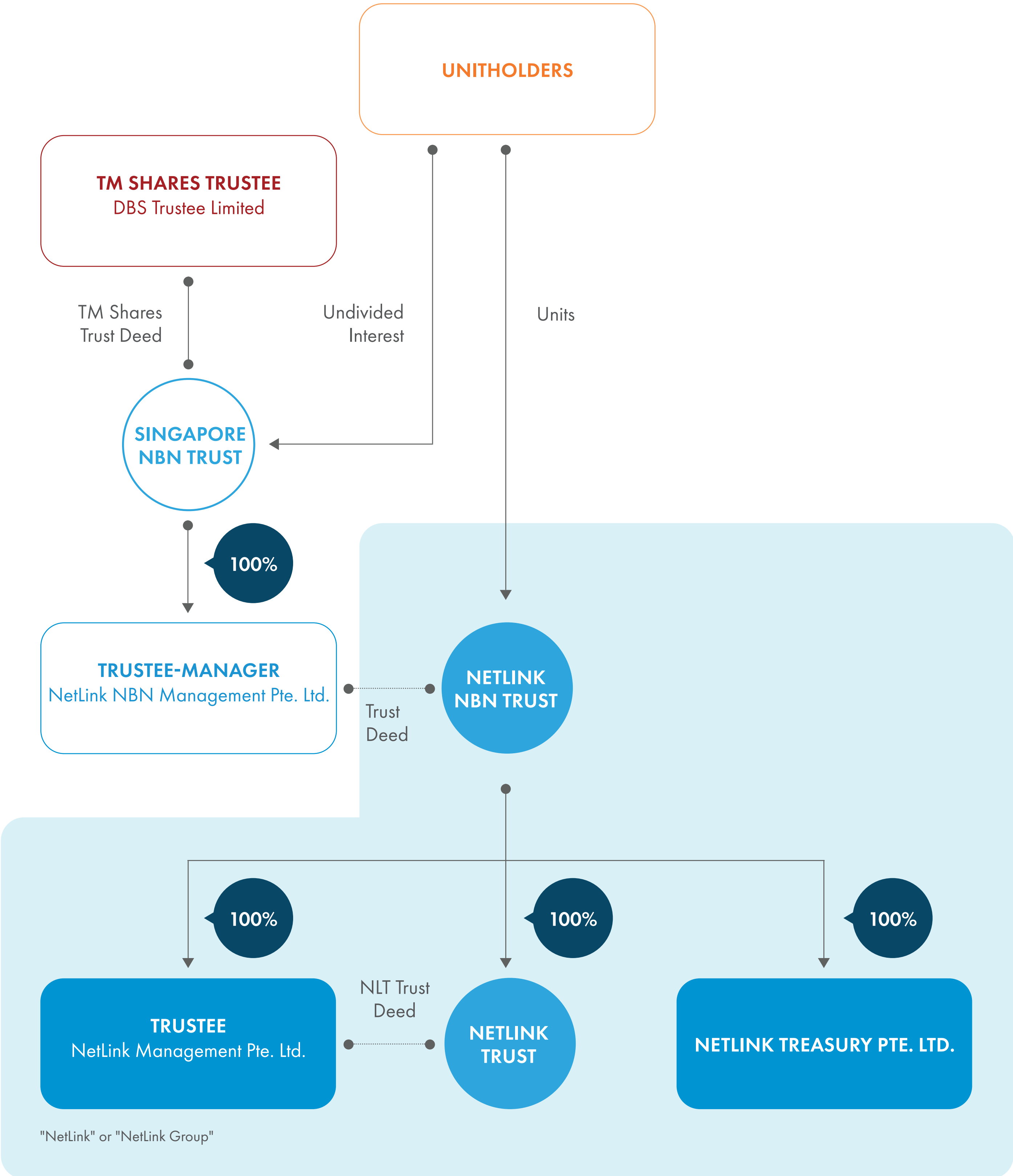
Provides, among others, Requesting Licensees with licences for the shared use of, and access to, building lead-in ducts and lead-in manholes.

## Non-Building Address Point (NBAP)

- LAMP POST
- WI-FI HOTSPOT
- MOBILE BASE STATION
- BILLBOARD/SIGNAGE

NBAP services include the connection to any location in mainland Singapore and its connected islands that does not have a physical address or assigned postal code, e.g. lamp posts, bus stops, multi-storey carparks and traffic lights. NBAP applications include infrastructure of telecommunications operators (such as wireless base stations), cameras, sensors, signages and outdoor kiosks.

# OUR TRUST STRUCTURE



NetLink NBN Trust (also referred to as the "Trust") is a trust constituted on 19 June 2017 by a declaration of trust by NetLink NBN Management Pte. Ltd., as trustee-manager of NetLink NBN Trust ("Trustee-Manager"), under the trust deed dated 19 June 2017 (as amended and restated by the Amending and Restating Deeds dated 25 July 2018, 28 September 2020, 19 July 2021, and 20 July 2022) (collectively, "Trust Deed"). NetLink NBN Trust is registered as a business trust under the Business Trusts Act 2004 ("BTA") and was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 July 2017.

The Trustee-Manager is incorporated in Singapore, and the management of NetLink NBN Trust is undertaken by the Trustee-Manager, the shares of which ("TM Shares") are held on trust for the benefit of the unitholders of NetLink NBN Trust ("Unitholders") in proportion to such Unitholders' respective percentage of units held or owned in NetLink NBN Trust ("Units").

Further, subject to the terms of the trust deed ("TM Shares Trust Deed") constituting Singapore NBN Trust ("TM Shares Trust"), DBS Trustee Limited (as trustee of Singapore NBN Trust and the legal owner of the TM Shares) will exercise its rights and powers over the Trustee-Manager in such manner as the Unitholders may direct by way of resolutions passed at general meetings. This means that Unitholders are empowered to direct DBS Trustee Limited to approve, for example, the appointment or re-election of the directors of the Trustee-Manager ("Directors") at the Annual General Meeting (AGM) of the TM Shares Trust. Directors are required by the Trust's corporate governance policies to retire from office at least once every three years. This structure allows the Trustee-Manager to be internalised in contrast with other structures where the trustee-managers are typically owned by sponsors.

An internalised structure pre-empts any conflict of interest between the Unitholders and the Trustee-Manager from arising. The complete alignment of interest between the Trustee-Manager and the Unitholders is a strong factor in the choice of NetLink NBN Management Pte. Ltd. as trustee-manager.

This internalised structure of the Trustee-Manager also benefits NetLink NBN Trust and its subsidiaries (referred to collectively as "NetLink", and together with the Trustee-Manager referred to as "NetLink NBN Group") in the following ways:

(a) The appointment and re-election of Directors of the Trustee-Manager are subject to Unitholders' approval. With this right provided to Unitholders (which is not available where the trustee-managers are owned by sponsors), Unitholders have a direct role in the election of Directors.
(b) The fees payable to the Trustee-Manager are primarily used to defray the Trustee-Manager's expenses (for example, director's fees payable to the Directors of the Trustee-Manager, as well as certain statutory and administrative costs incurred by the Trustee-Manager).
This results in substantially lower fees payable to the Trustee-Manager as compared to other trustee-managers which charge fees on different basis.
In addition, there are no acquisition or divestment fees. The lower fee that stems from the internalised structure of the Trustee-Manager results in cost savings for NetLink NBN Trust.
(c) There is stability and continuity in the management of NetLink NBN Trust. While the BTA and the Trust Deed provide mechanism for the removal of the Trustee-Manager, such removal is unlikely to occur as the interests of the Trustee-Manager and the Unitholders are aligned, and the Directors of the Trustee-Manager are directly elected by the Unitholders.

In addition, pursuant to Infocomm Media Development Authority's (IMDA) requirements, the Trust Deed provides that no appointment or removal of the Trustee-Manager shall be effective unless:
(a) IMDA has approved such appointment or removal; and
(b) such appointment or removal is not contrary to the control and ownership restrictions under the licence held by the Trustee-Manager to provide facilities-based operations.

The Trust does not have a Sponsor. Further, the Trustee-Manager does not hold any Units in the Trust, and so does not have a blocking stake in the event of a takeover. However, the prior approval of IMDA is required for any amalgamation, reconstruction or change to the trust structure of NetLink.

# VALUE CREATION

## WHAT MAKES US DIFFERENT

- The only nationwide passive infrastructure provider in the world
- Open and non-discriminatory access to industry partners
- Universal and future-proof nationwide fibre network
- A resilient business model with a transparent and regulated revenue stream
- Stable regulatory environment

## STAKE HOLDERS: Government and regulators

### HOW WE CREATE VALUE

- Committed to high standards of Corporate Governance
- Continuous compliance with the mandated Quality of Service (QoS)
- Manage our risks through a comprehensive Enterprise Risk Management programme and a robust Business Continuity Management programme

### VALUE ACCRETION IN FY23

- Maintained and met all our QoS targets
- Maintained 99.99% network availability
- ISO22301:2019 BCMS certified
- ISO45001:2018 OHSMS certified
- Conducted a successful industry-wide crisis management exercise with participation from telecom service providers and observed by the regulators

## STAKE HOLDERS: Telecommunication service providers

### HOW WE CREATE VALUE

- Non-discriminatory access to all industry partners
- Support trials and initiatives by industry partners
- Universal service obligations to lay fibre to all existing and new homes and buildings so that service providers can provide services quickly and efficiently
- Ensure that there are sufficient spare fibres to meet planned and ad hoc demand hence providing a robust and resilient fibre network

### VALUE ACCRETION IN FY23

- Invested approximately $78 million to enhance our fibre network
- Additional 39,124 home-passed
- Added about 3,500km
- of fibre cables
- Continue supporting Mobile Network Operators for their 4G and 5G rollout
- Supported POC for Facial Recognition applications at island-wide locations
- Selected partner for Smart Lamppost trial at Punggol North Shore
- Supported broadcasts of World Cup matches in Community Clubs

## Employees

STAKEHOLDERS

**HOW WE CREATE VALUE**

- Regular communications with employees to keep them in touch with developments in the organisation
- Provide training opportunities for employees to upskill themselves
- Extend health screening packages to employees to keep them safe and healthy

**VALUE ACCRETION IN FY23**

- Continued with hybrid working arrangements, providing a flexible working environment, and minimising the spread of COVID-19 within the office
- Continued to send care packs to employees who contracted COVID-19
- Achieved an average of 17.3 learning hours per employee
- Ran 'Listening Ear' sessions to listen to our employees
- Helped employees with rising inflation concerns by giving a one-off lump sum payment

## Community

STAKEHOLDERS

**HOW WE CREATE VALUE**

- Focus outreach efforts to the low-income families, and the elderly
- Encourage and support our employees to get involved in company-organised corporate social responsibility activities in a way to contribute back to society
- Make fibre connectivity readily available to everyone in Singapore

**VALUE ACCRETION IN FY23**

- Over 400 volunteer hours over a series of CSR events organised
- Sponsored more than $250,000 towards community service
- Participated in IMDA's Digital Learning Clinics to help the seniors become comfortable and familiar with digital technology
- TOUCH Young Arrows - Eunos was our adopted charity for the second year. Our adoption covers the operational costs of the centre, enrichment classes, and holiday excursions for the children. TOUCH Young Arrows - Eunos serves children from low-income and disadvantaged families
- Sponsored bursaries to financially disadvantaged students from the Singapore Institute of Technology

## Investors

STAKEHOLDERS

**HOW WE CREATE VALUE**

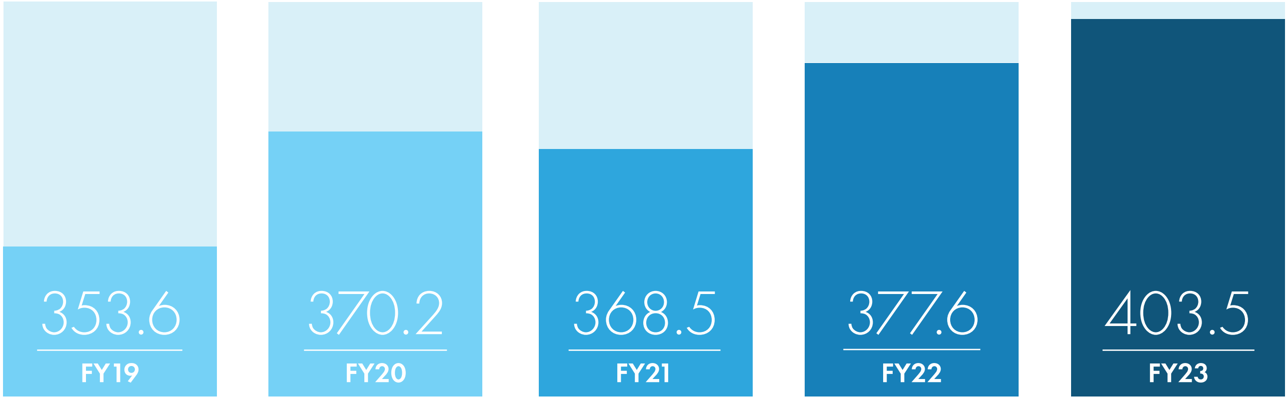
- Uphold high standards of transparency and accountability to Unitholders
- Continue to engage investors through conferences, non-deal roadshows, quarterly briefings, and 1-on-1 meetings to keep them up to date with business operations
- Manage cashflows efficiently to deliver sustainable distributions

**VALUE ACCRETION IN FY23**

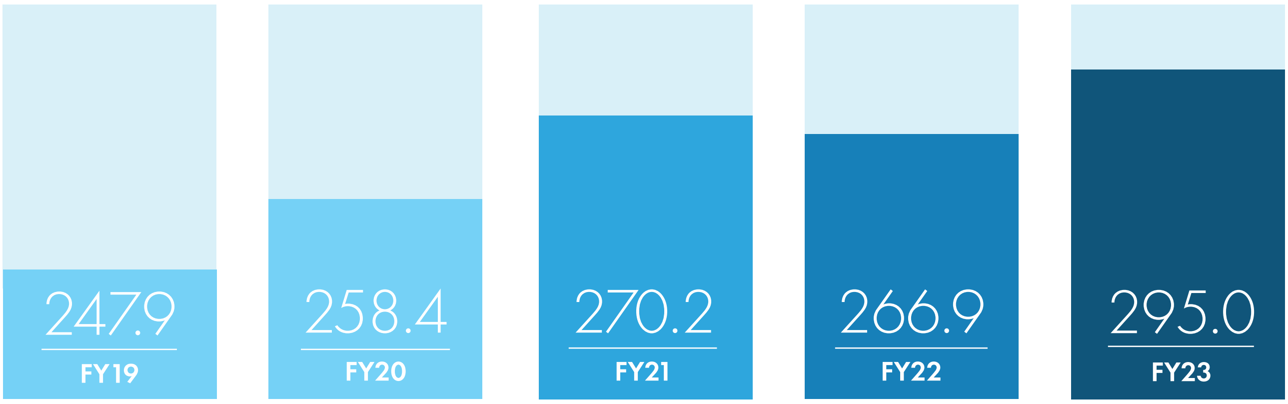
- Ranked first in the Governance Index for Trust (GIFT) for the fourth consecutive year
- Ranked fifth in the SGTI Index ranking under the REIT and Business Trust Category
- Named Best Investor Relations Award (Bronze) REITs and Business Trusts Category at the Singapore Corporate Award 2022
- Winner of the Shareholder Communications Excellence Award, REITs and Business Trusts Category at the SIAS Investors' Choice Awards 2022
- The healthy average daily trading volume of 6.3 million units
- Distribution Per Unit increased by 2.1% in FY23
- Achieved additional transparency by aligning climate impact reporting with TCFD from FY23

# OUR PERFORMANCE AT A GLANCE

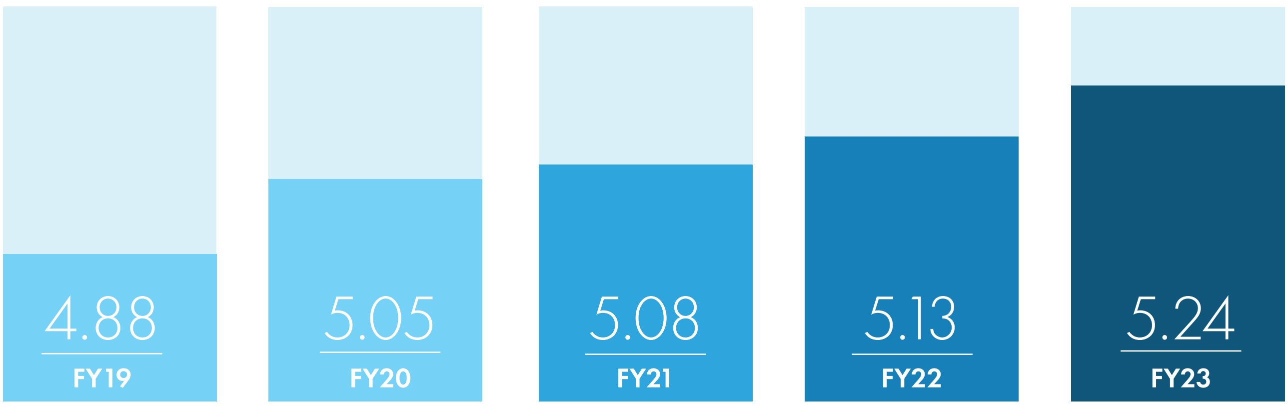
## REVENUE ($'M)




## EBITDA[1] ($'M)




## DISTRIBUTION PER UNIT (SINGAPORE CENTS)




[1] EBITDA is a non-SFRS(I) financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense.

**REVENUE**
$403.5m

**EBITDA[1]**
$295.0m

**EBITDA[1] MARGIN**
73.1%

**PROFIT AFTER INCOME TAX**
$109.3m

**DISTRIBUTION PER UNIT ("DPU")**
5.24 cents

**DEBT MATURITY**
3.4 years

**NET ASSET PER UNIT**
67.5 cents

**DISTRIBUTION YIELD[2]**
6.1%

**NET GEARING**
20.3%

| | GROUP FINANCIAL YEAR ENDED 31 MARCH | | | | |
|---|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2021 $'000 | 2020 $'000 | 2019 $'000 |
| Total assets | 4,012,780 | 4,031,892 | 4,123,455 | 4,208,771 | 4,281,801 |
| Total liabilities | 1,380,949 | 1,315,446 | 1,319,752 | 1,301,833 | 1,251,949 |
| Total borrowings (gross) | 735,000 | 666,000 | 666,000 | 666,000 | 636,000 |
| • Fixed rate borrowing | 510,000 | 510,000 | - | 636,000 | 636,000 |
| • Floating rate borrowing | 225,000 | 156,000 | 666,000 | 30,000 | - |
| Net assets | 2,631,831 | 2,716,446 | 2,803,703 | 2,906,938 | 3,029,852 |
| | | | | | |
| Cash Flow | | | | | |
| Cash flow generated from operating activities | 285,692 | 258,731 | 264,512 | 262,518 | 229,642 |
| Cash flow used in investing activities | (96,733) | (73,865) | (60,246) | (75,531) | (71,094) |
| Cash flow used in financing activities | (138,073) | (205,584) | (202,354) | (166,984) | (176,376) |
| | | | | | |
| Key Financial Indicators | | | | | |
| Interest cover | 18.6x | 29.8x | 14.8x | 13.4x | 13.5x |
| Net debt/EBITDA[1] | 1.8x | 1.9x | 1.8x | 1.9x | 2.0x |
| Effective average interest rate[3] | 2.14% | 1.11% | 2.48% | 2.83% | 2.82% |

More details can be found under "Financial Review" on page 24 to 27.

[1] EBITDA is a non-SFRS(I) financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense.
[2] Distribution yield is based on a DPU of 5.24 Singapore cents and a unit price of 86.0 Singapore cents as at 31 March 2023.
[3] The interest expenses used in the computation of effective average interest rate included the impact of net settlement from interest rate swaps.

# CHAIRMAN'S LETTER

## Mr Chaly Mah Chee Kheong

CHAIRMAN

" We remain cautiously optimistic as we navigate the changes to our operating environment, amidst the challenges and opportunities, by strategically investing in capabilities, people, processes, structures, and technology. "

Dear Unitholders,

On behalf of the Board of Directors and the Management of NetLink NBN Management Pte. Ltd. ("the Trustee-Manager"), I am pleased to deliver NetLink NBN Trust's Annual Report for the financial year ended 31 March 2023 ("FY23").

## YEAR IN REVIEW

FY23 was a year of recovery from COVID-19 as countries around the world successfully pivoted themselves towards treating the disease as endemic and resumed normalcy in their economic activities.

Against this backdrop, businesses continued to operate under a challenging environment of high operation and funding costs as well as disruptions of global supply chains. Continued geopolitical issues created further uncertainties which demand renewed vigilance and resilience in many businesses. Whilst the global geopolitical instability did not affect us significantly, NetLink is not immune to these challenges and remains highly vigilant to the attendant risks.

On the home front, Singapore continues to progress towards being a COVID-19-resilient nation. The lifting of restrictions allowed accelerated re-opening of the economy, providing potential for recovery to its pre-pandemic state. We remain cautiously optimistic as we navigate the changes to our operating environment, amidst the challenges and opportunities, by strategically investing in capabilities, people, processes, structures, and technology.

NetLink achieved a revenue of $403.5 million, 6.8% higher than the prior year. We recorded an EBITDA and profit after tax of $295.0 million and $109.3 million, respectively. Our distributions to Unitholders in FY23 increased by 2.1% to 5.24 Singapore cents per unit.

## INDUSTRY LANDSCAPE

The past two years have clearly shown that digital transformation will continue apace as the Government presses forward with its plan to develop Singapore into a digitally-inclusive society. Digital transformation will retain its strategic importance to the attainment of economic and social progress.

NetLink's nationwide optical fibre network is well-positioned to enable this transformation. We are privileged to play an essential role in delivering high-speed internet access throughout the island and powering Singapore's next wave of digital growth as we transform into a Smart Nation.

Singapore is forging ahead with our vision of a world-class, secure, resilient digital economy. To that end, the Ministry of Communications and Information has formed an advisory panel to advise on the development of a Digital Connectivity Blueprint, which will lay out Singapore's long-term infrastructural ambitions, cutting across broadband, mobile, Wi-Fi and undersea cable networks. As Singapore's nationwide residential fibre network provider, we will continue to work closely with the Infocomm Media Development Authority (IMDA) to chart the next phase of growth for the Nationwide Broadband Network. We will continue to collaborate with IMDA on initiatives that improve digital infrastructure capabilities through, amongst others, the expansion and enhancement of our fibre network.

## SUSTAINABILITY

Sustainability plays a key factor in formulating our business strategies and decision-making. It underpins everything we do for our stakeholders, partners, and community.

Under the Board's leadership, the Sustainability Steering Committee (SSC) continues to ensure the alignment of our sustainability efforts with the United Nation's Sustainable Development Goals (SDGs), and that sustainability remains an integral priority of our long-term business strategies.

NetLink continues to assess the potential impact of climate change on our business. We have implemented measures to enhance our understanding and evaluation of climate change risks impacting our business operations, and have taken steps to bolster our capabilities to remain resilient in the face of climate challenges. Amongst others, this year we initiated the alignment of our climate impact reporting with the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations.

As part of our 2050 net zero target, our decarbonisation initiatives in the near future involves a series of measures to improve the energy efficiency of our facilities. These programmes will be progressively implemented over the next few years.

Looking towards a sustainable future, we are committed to following through on our planned initiatives to achieve our long-term sustainability goals.

## CORPORATE GOVERNANCE

We are honoured that the investment and governance community has recognised NetLink's unwavering dedication to upholding exemplary governance standards.

For the fifth consecutive year, NetLink topped the Governance Index for Trust (GIFT) 2022, improving by four points to achieve an aggregate score of 99. It is a great privilege to be recognised as a leading proponent of good corporate governance amongst other REITs and business trusts.

Our commitment to ensuring good governance has also helped us maintain our standing in the top five in the REIT and Business Trust category of the Singapore Governance and Transparency Index (SGTI).

In addition, the ASEAN Corporate Governance Scorecard has ranked NetLink among the ASEAN Asset Class, ASEAN Top 20, and Top 3 Singapore publicly listed companies for the first time. This inclusion is a significant accomplishment as the ASEAN Asset Class gives us a mark of quality for prospective investors interested in the region.

These awards attest to our commitment to maintaining high transparency, accountability, and ethical standards in all our operations. Improving corporate governance practices is a continuous journey. Good corporate governance is essential to ensure our long-term success and sustainability. As we move forward, we remain committed to enhancing our corporate governance practices whilst preserving the highest governance standards.

## A NOTE OF THANKS

On behalf of the Board, I would like to thank Mr Sean Slattery for his leadership, dedication, and invaluable contribution during his tenure. Mr Slattery stepped down from his position as a Non-Executive Non-Independent Director and Chairman of the Risk and Regulatory Committee in November 2022. The Board welcomes Mr Quah Kung Yang, who has taken over from Mr Slattery as our new Non-Executive Non-Independent Director.

I also want to extend my sincerest appreciation to my fellow Board members, the management team, and the staff for making this journey with us. Your hard work and dedication have given NetLink a collective strength that will allow us to forge ahead to chart the next phase of growth for the Nationwide Broadband Network.

Lastly, we thank you – our unitholder – for your continued trust as we strive for and maintain excellence. With your continued support, we look forward to an exciting and vibrant digital future for Singapore.

**Chaly Mah Chee Kheong**
Chairman

# DIALOGUE WITH CEO

## Mr Tong Yew Heng

CHIEF EXECUTIVE OFFICER

" We are excited about Singapore's digital future. At NetLink, we will continue to partner with all key stakeholders to support Singapore in its next wave of digital transformation into a world-class Smart Nation. "

## HOW HAS FY23 BEEN FOR NETLINK?

I am glad that NetLink Group has delivered a set of credible financial results in FY23 despite inflationary pressures and higher costs of borrowing. Although the economic environment was volatile, we were able to achieve stable distribution growth for our unitholders. This was underpinned by an increase in our network connections, as evident from our higher EBITDA and earnings. As our business is focused on the Singapore market, the global geopolitical instability did not affect us significantly.

In FY23, we continued to invest in our fibre network to densify it, extend its coverage, and improve its capability to meet the requirements of our Telco customers. These investments helped to grow our network capacity and capability, and consequently our Regulatory Asset Base (RAB).

We saw an increase in the Group's revenue by 6.8% to $403.5 million mainly due to higher ancillary project revenue, connections revenue (residential, non-residential, NBAP and segment), and co-location and installation-related revenue. This was partially offset by lower Central Office revenue and ducts and manholes service revenue. RAB revenue recorded $320.9 million, which represents 79.5% of our total revenue. RAB revenue provides recurring and predictable cash flow to our business operation. Non-RAB revenue has seen strong growth in FY23, increasing by 27.0% to $82.6 million, mainly driven by ancillary projects. 69.4% of our borrowings are at a fixed rate. In FY23, we refinanced our $210 million Revolving Credit Facility (RCF) with a $180 million 5-year sustainability-linked loan. We also put in place sustainability-linked RCF totalling $210 million. Our balance sheet remains robust to support on-going business operation and expansion.

Good governance formed the bedrock of our resilient performance over the past year. We are fully committed to maintaining the highest standards of corporate governance and are extremely heartened that our efforts have been recognised by the investment community. In FY23, NetLink won the bronze award for the Best Investor Relations Award in the REITs and Business Trusts Category at the Singapore Corporate Awards 2022. In addition, we were the winner of the Shareholder Communication Excellence Award, REITs and Business Trusts Category at the SIAS Investors' Choice Award. Both awards attest to our commitment to good governance, an endeavour we will continue to uphold as we forge ahead.

## WHAT IS NETLINK DOING TO ENSURE THE BUSINESS REMAINS RESILIENT AND SUSTAINABLE?

Resilience and sustainability are key, especially as we continue to increase our network utilisation to meet demands from new homes and to support Telcos in their digital infrastructure projects.

We review our risk profile and Business Continuity Plan regularly. We also conduct exercises to boost our operational resilience. The most recent was an industry-wide crisis management exercise involving our Requesting Licensees. The exercise was observed by representatives from our regulator, the Infocomm Media Development Authority (IMDA).

We continue to be a close partner to IMDA in their community outreach - the Digital for Life movement. This initiative aims to drive digital adoption by all Singaporeans. To bolster Singapore's digital inclusion effort, we will continue densifying our network and covering new residential dwellings and commercial buildings. As Singapore's nationwide fibre network provider, NetLink remains committed to supporting a fully-connected society.

Maintaining and growing a network infrastructure that constantly anticipates Singapore's accelerating digital needs is critical for our success and long-term sustainability. It allows us to continue connecting and serving more end users to our network, improve our services as well as extend customised pricing to support Requesting Licensees (RL) participating in nationwide connectivity projects. It also bolsters our resilience.

## WHAT IS NETLINK DOING TO MEET ITS ESG GOALS?

Environmental, Social and Governance (ESG) factors play an essential role in NetLink's business. Material ESG factors are monitored closely and reviewed regularly. As the world moves towards achieving net-zero emissions, we are progressively decarbonising our business as we do our part in creating a better tomorrow.

This year, NetLink has implemented measures to enhance our understanding and evaluation of risks related to climate change that may affect our business. We have taken the step towards aligning our climate impact reporting with the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations. We believe the alignment will help us and our stakeholders to better understand the climate-related risks and opportunities our business faces. We have also completed a qualitative climate change scenario analysis that incorporated the assessment of transition and physical risks. Having scrutinised our capacity to withstand and maintain resilience against these risks, we will develop mitigation efforts moving forward.

We have achieved 31% Scope 1and 2 emissions reduction from the FY22 base year, putting us on track to achieve our 50% reduction target by FY30. Our decarbonisation initiatives in the near future involve a series of measures to improve the energy efficiency of our Central Offices (COs). These measures will be progressively implemented over the next few years. In addition, Water Consumption and Sustainable Supply Chains have been identified as new material ESG topics.

Concurrently, we have undertaken studies on the feasibility and extent of reduction in carbon emission by recycling fibre cable waste. Initial results have been encouraging.

Our upcoming Central Office located in the northern part of Singapore was designed in accordance with the BCA-IMDA Green Mark for New Data Centre 2019.

Keeping abreast of environmental developments will provide us with the agility we need in implementing strategies to support Singapore's digital advancement and decarbonisation ambitions. In addition, it improves NetLink's business resilience in a sustainable and environmentally friendly manner.

Ultimately, sustainability is our core approach to developing long-term value for NetLink. By adopting the right mindset and continually finetuning our operations, we will be better prepared to thrive in a cleaner and greener future.

## WHAT CAN WE EXPECT FROM NETLINK IN FY24?

In accordance with IMDA's regulatory framework, we are undergoing a regulatory price review. The ongoing review of the terms and conditions (including prices) of services offered is expected to be completed this calendar year.

The Singapore Government recently announced an initiative to develop a new digital connectivity blueprint. The plan includes the development of future-ready broadband, mobile and Wi-Fi infrastructure. With this, Singapore's digital infrastructure will be bolstered to meet current and future requirements for speed, capacity and reliability. In this respect, NetLink is well positioned to chart the next phase of growth for the Nationwide Broadband Network (NBN). We will provide our expertise and infrastructure to support the upgrade of the NBN that will deliver internet speeds up to 10Gbps.

Our next phase of growth also requires us to efficiently support the deployment of IoT and other devices fitted on street furniture such as traffic lights, lamp posts and bus stops. This is in line with our Fibre-To-Anywhere (FTTX) strategy. We will further invest to expand and densify our network coverage so that most outdoor locations will be fibre ready or only a short distance away from the nearest fibre node.

We are excited about Singapore's digital future. At NetLink, we will continue to partner with all key stakeholders to support Singapore in its next wave of digital transformation into a world-class Smart Nation.

We will also continue our exploration of prospective investments in telecommunication infrastructure assets overseas. We will endeavour to broaden our portfolio through investing in new businesses that are likely to generate steady and predictable revenue streams.

## FINAL WORDS?

I would like to express my appreciation to Mr Lester Wong for his leadership, dedication, and contribution to NetLink. Mr Lester Wong retired from his position as Chief Financial Officer (CFO) in November 2022. We wish him all the best in his future endeavours.

At the same time, I would like to extend our warmest welcome to Ms Diane Chen, who has joined us as our new CFO. Her expertise and experience will be invaluable in achieving our growth objectives.

I would also like to extend my sincerest appreciation to our staff. They have continually demonstrated excellence in growing the business, ensuring the reliability of our network, and serving our customers well.

To our Unitholders, we thank you for your continued trust in us. We stay committed to providing you with long-term sustainable distribution and look forward to your continued support in the years ahead as we continue to future-proof our business.

**Tong Yew Heng**
Chief Executive Officer

# OPERATING REVIEW

Forming the keystone of the Nationwide Broadband Network (NBN), NetLink, as the Network Company ("NetCo"), designs, builds, owns and operates the passive fibre network infrastructure, including ducts, manholes and Central Offices, allowing nationwide ultra-high-speed internet access, upon which Singapore has built and realised its digital capabilities as a Smart Nation.

By providing open and non-discriminatory wholesale access to the NBN, we enable all telecommunication service providers to offer services on an equivalent basis, allowing end-user consumers and businesses to reap the benefits of a robust and extensive fibre network at competitive prices.

## NetLink Offers the Following Services in Two Main Categories:

### END-USER CONNECTIONS:

- Residential
- Non-Residential
- Non-Building Address Points (NBAP)

### NETWORK INFRASTRUCTURE SERVICES:

- Co-Location Services
- Segment Connections
- Ducts and Manholes Access


## Regulatory Environment

We hold a Facilities-Based Operations (**FBO**) licence granted by the Infocomm Media Development Authority (**IMDA**); this allows us to establish, operate and maintain the infrastructure required to provide telecommunications services via the NBN. Additionally, we operate strictly within IMDA's regulatory framework, in accordance with the regulations and service standards set out in the following areas:

- Telecom and Media Competition Code
- NetCo Interconnection Code
- Universal Service Obligation
- Quality of Service (**QoS**) Standards (for example, Service Provisioning Timeframe for Residential/ Non-Residential End-User Connections)

NetLink is also required to pay an annual license fee to IMDA, determined by the audited annual gross turnover. Failure to meet these obligations or any regulatory requirements imposed may result in monetary penalties or other enforcement actions by IMDA.

## Pricing

Most of our pricing are regulated by IMDA, as prescribed in the NetCo Interconnection Code and the Interconnection Offer (**ICO**), resulting in a transparent and predictable revenue via two streams:

- One-time installation and/or patching charges for each termination point upon the initial connection or service activation; and
- A monthly recurring connection charge

IMDA has the right to review the prices every five years following the last price review or at any such time as IMDA may consider appropriate. We are currently undergoing the regulatory review of NetLink Trust's services (including prices) offered under the ICO with the IMDA; this is expected to be completed this calendar year.

The prices under the ICO are regulated using the Regulatory Asset Base (**RAB**) model, which provides for the recovery of the following cost components:

- Return of capital deployed (i.e. depreciation)
- Return on capital employed
- Operating expenditure

The main assumptions in the RAB model are:

(a) The base year of the RAB is 2012. Assets that were purchased up to 2012 (year inclusive) are valued at 2012 prices, while assets purchased after 2012 are valued at the year of purchase. The standard annuity method is used for the purpose of regulatory depreciation.

(b) The return on capital is based on the nominal pre-tax weighted average cost of capital (**WACC**) derived using the Capital Asset Pricing Model (**CAPM**) approach.

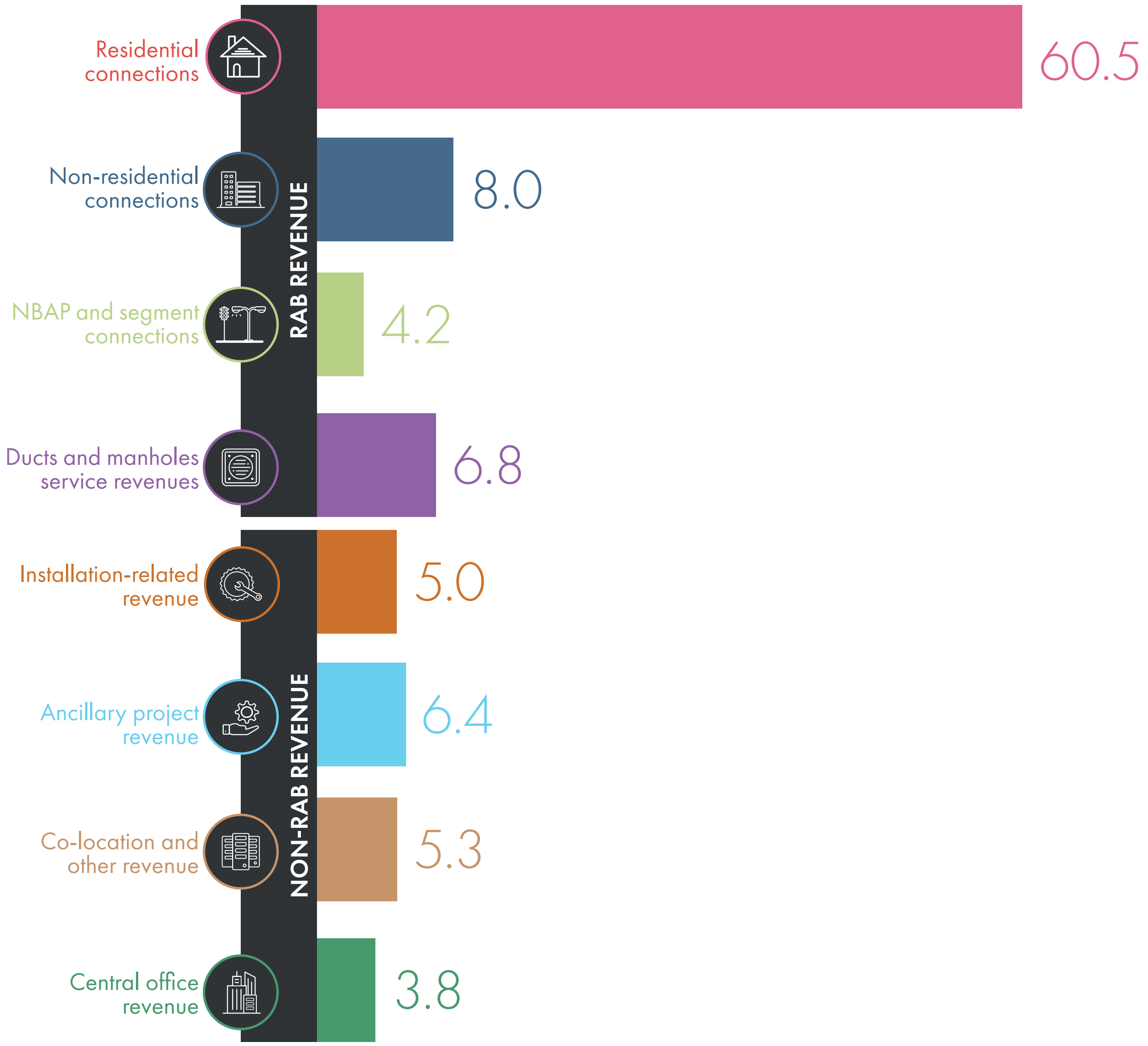
The RAB model takes into consideration that the technology for the underlying passive infrastructure will not change significantly over the near term. As such, NetLink believes that the RAB model provides a fair rate of return to investors while ensuring that pricing corresponds with the current demand and supply dynamics.

## Sustainable Business Model

As laid out in the ICO with the IMDA, a substantial proportion of our revenue is regulated – approximately 90% in FY23. Approximately 80% of our revenue in FY23 was contributed from RAB-regulated revenue.

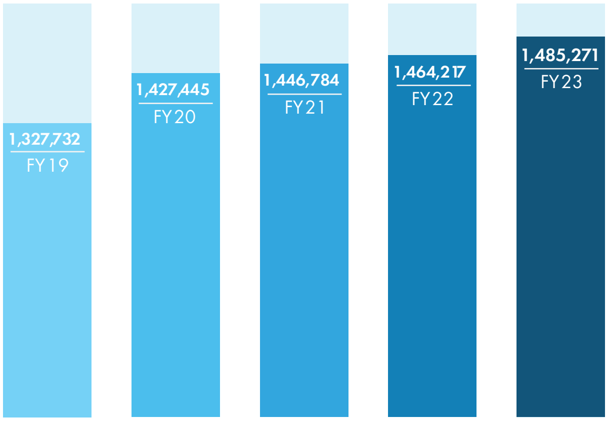
Revenue derived from the RAB-based pricing framework was consistent with that in FY22.

**REVENUE CONTRIBUTION IN FY23 (%)**



## Connections

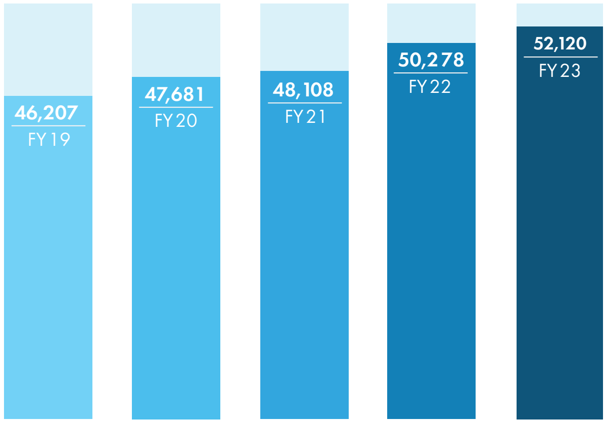
### RESIDENTIAL END-USER CONNECTIONS




The Residential End-User Connections remained the key driver of NetLink's revenue, contributing 60.5% of the total revenue. This was attributed by a modest organic growth of 1.4% in connection numbers in FY23.

New household penetration continued to be slow in FY23 due to delays in construction and renovation of homes caused by the manpower resource crunch in the building and construction sector.

### NON-RESIDENTIAL END-USER CONNECTIONS

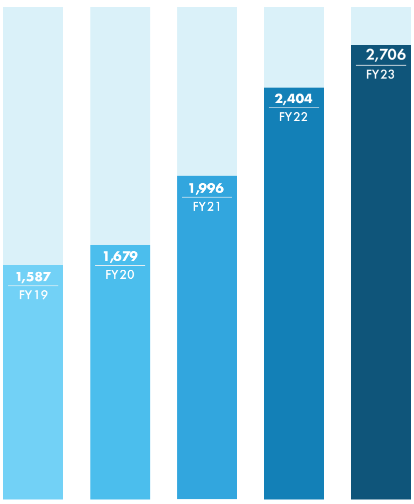



The number of Non-Residential End-User Connections grew by 3.7%, contributing 8.0% of total revenue.

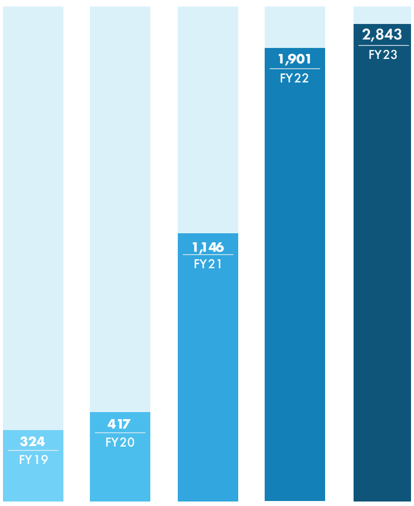
Connection growth was partly due to the success of our adoption drive initiatives; establishing customised agreements to support RLs and Retail Service Providers in their efforts to acquire new businesses and our promotional pricing to facilitate digitalisation of SMEs have also yielded positive results.

## NBAP and Segment Connections

### NBAP




### SEGMENT CONNECTIONS




The NBAP and Segment Connections saw an increase of 12.6% and 49.6% respectively. Demands for NBAP and Segment Connections were fuelled by point-to-point connections that support mobile network rollout and other projects requiring high resiliency.

## Meeting our Quality-of-Service Standard

As an essential service provider, we are relentless in our pursuit of service quality excellence. Over the past years, we have implemented various initiatives, such as the rollout of additional fibre capacity to residential homes across our nationwide network, the pre-laying of fibre infrastructure to non-residential buildings to speed up service provisioning, as well as the constant enhancement of work processes to improve our QoS performance. As a testament to our efforts, we met all our QoS performance indicators in FY23.

# FINANCIAL REVIEW

## Revenue

| | GROUP | | |
|---|---|---|---|
| | FY23 $'000 | FY22 $'000 | VARIANCE % |
| RAB revenue: | | | |
| Residential connections | 244,271 | 240,730 | 1.5 |
| Non-residential connections | 32,142 | 30,923 | 3.9 |
| Non-Building Address Points (NBAP) and Segment connections | 16,871 | 12,994 | 29.8 |
| Ducts and manholes service revenue | 27,615 | 27,978 | (1.3) |
| **Total RAB Revenue** | **320,899** | **312,625** | **2.6** |
| Non-RAB revenue: | | | |
| Installation related revenue | 20,269 | 19,277 | 5.1 |
| Ancillary project revenue | 25,654 | 10,059 | 155.0 |
| Co-location and Other revenue | 21,417 | 19,376 | 10.5 |
| Central Office revenue | 15,221 | 16,274 | (6.5) |
| **Total Non-RAB Revenue** | **82,561** | **64,986** | **27.0** |
| **Total Revenue** | **403,460** | **377,611** | **6.8** |

Revenue of $403.5 million for FY23 was 6.8% higher compared to FY22 mainly due to increased revenue from ancillary projects, NBAP and segment connections, residential connections, co-location, and installation orders. This was partially offset by lower Central Office revenue. Ancillary project revenue was $15.6 million higher due to more projects completed during FY23. NBAP and segment connections revenue increased by $3.9 million driven by higher demand for point-to-point connections to support mobile network rollout and other projects requiring high resiliency. Residential connections revenue increased by $3.5 million driven by higher number of connections. As at 31 March 2023, there were 1,485,271 connections, 1.4% increase as compared to 31 March 2022. Co-location revenue increased by $2.0 million due to higher power charges. Higher installation-related revenue of $1.0 million was mainly contributed by higher NBAP installation and residential service activation charges. Central Office revenue decreased by $1.1 million mainly due to returned space and lower rental rates which became effective from September 2021.

## Expenses

| | GROUP | | |
|---|---|---|---|
| | FY23 $'000 | FY22 $'000 | VARIANCE % |
| Operation and maintenance costs | (19,827) | (18,892) | 4.9 |
| Installation costs | (10,479) | (10,090) | 3.9 |
| Ancillary project direct costs | (17,794) | (6,753) | 163.5 |
| Depreciation and amortisation | (170,617) | (169,723) | 0.5 |
| Staff costs | (25,544) | (27,455) | (7.0) |
| Finance costs | (16,725) | (10,479) | 59.6 |
| Other operating expenses | (39,113) | (50,336) | (22.3) |
| **Total Expenses** | **(300,099)** | **(293,728)** | **2.2** |

Expenses for FY23 increased by $6.4 million mainly due to higher ancillary project and finance costs. The increase was partially offset by lower other operating expenses (as there was a remeasurement loss of $12.4 million recorded in FY22) and lower staff costs as a result of higher capitalisation of labour costs for IT and fibre projects. Higher ancillary project costs of $11.0 million were incurred alongside higher ancillary project revenue. Finance cost increased by $6.2 million due to higher interest rates and borrowings (average interest rate of 2.14% in FY23 as compared to 1.11% in FY22).

## EBITDA

| | GROUP | | |
|---|---|---|---|
| | FY23 $'000 | FY22 $'000 | VARIANCE % |
| EBITDA[1] | 294,979 | 266,941 | 10.5 |
| EBITDA margin | 73.1% | 70.7% | 2.4 pp |

EBITDA for FY23 was higher than FY22 by $28.0 million or 10.5% mainly due to higher revenue (net of its related costs), higher other income, lower staff costs and operating expenses. Operating expenses for FY23 were significantly lower in comparison to FY22 because of the $12.4 million remeasurement loss recorded in FY22 due to the reduction in rental rates upon the renewal of the Central Office lease agreements.

## Net Profit After Tax

| | GROUP | | |
|---|---|---|---|
| | FY23 $'000 | FY22 $'000 | VARIANCE % |
| Net profit after tax | 109,253 | 91,262 | 19.7 |

Net profit after tax at $109.3 million in FY23 was 19.7% higher than FY22, contributed by higher EBITDA, offset by higher finance costs and income tax expenses.

## Capital Expenditure and Commitments

Capital expenditure incurred for the financial year ended 31 March 2023 was $96.7 million as compared to $73.9 million in FY22. Capital commitment as at 31 March 2023 stood at $138.9 million, significantly higher than that as at 31 March 2022 mainly due to capital expenditure committed for the construction of the new Seletar Central Office.

[1] EBITDA is a non-SFRS(I) financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense.

## Liquidity and Capital Resources

| | GROUP | |
|---|---|---|
| | FY23 $'000 | FY22 $'000 |
| Profit before income tax | 109,217 | 87,078 |
| Non-cash item and net interest expense adjustments | 175,490 | 186,715 |
| Net change in working capital | 10,518 | (11,133) |
| Income tax paid | (9,533) | (3,929) |
| Net cash generated from operating activities | 285,692 | 258,731 |
| Net cash used in investing activities | (96,733) | (73,865) |
| Net cash used in financing activities | (138,073) | (205,584) |
| Net change in cash and cash equivalents | 50,886 | (20,718) |
| Cash and cash equivalents at beginning of financial year | 149,818 | 170,536 |
| Cash and cash equivalent at end of financial year | 200,704 | 149,818 |
| Cash and cash equivalents consist of: | | |
| Cash and bank balances | 200,704 | 149,818 |

The Group's net cash from operating activities of $285.7 million in FY23 was $27.0 million higher than FY22. Net cash generated from operating activities in FY23 was higher mainly due to higher operating profits, positive working capital movement and offset by higher interest and tax paid.

Net cash used in investing activities of $96.7 million in FY23 was $22.9 million higher than FY22. The increase was due to higher capital expenditures incurred on network assets and the new Seletar Central Office.

Net cash used in financing activities of $138.1 million in FY23 was $67.5 million lower mainly due to $225.0 million drawdown from bank loan and revolving credit facility, offset by $156.0 million repayment of bank loan.

# Financial Leverage

## COMMITTED REVOLVING CREDIT FACILITY (RCF) AND TERM LOAN

| MATURITY | TERMS | AS AT 31 MARCH 2023 $'000 (UTILISED) | AS AT 31 MARCH 2022 $'000 (UTILISED) |
|---|---|---|---|
| March 2023 | $210 million Three-Year RCF | - | 156,000 |
| May 2026 | $510 million Five-Year Term Loan | 510,000 | 510,000 |
| September 2027 | $180 million Five-Year Term Loan | 180,000 | - |
| September 2025 | $90 million Three-Year RCF | 45,000 | - |
| March 2026 | $120 million Three-Year RCF | - | - |
| | | **735,000** | **666,000** |

As at 31 March 2023, the Group had borrowings drawn of $735.0 million (FY22: $666.0 million) and undrawn committed facilities of $165.0 million (FY22: $54.0 million).

As part of the refinancing activities, a new $270.0 million facility agreement was entered into in September 2022 comprising of a $180.0 million Sustainability-Linked Five-Year Term Loan which will mature in September 2027, and a $90.0 million Sustainability-Linked Three-Year RCF which will mature in September 2025. The $180.0 million term loan was fully drawn on 30 September 2022, to repay the $156.0 million Three-Year RCF. Another $45.0 million was drawn on 31 March 2023 to fund near term capital expenditure. In addition, a new $120.0 million Sustainability-Linked Three-Year RCF was established in March 2023 to provide further financing capacity for capital expenditure which includes the new Seletar Central Office.

The effective average interest rate was 2.14%[2] (FY22: 1.11%[2]) per annum. NetLink uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. NetLink had entered a series of pay-fixed-receive-floating interest rate swaps to convert the variable interest rate swaps on its bank loan into fixed interest rates, for a total notional principal amount of $510.0 million (FY22: $510.0 million). Accordingly, interest on 69.4% (FY22: 76.6%) of the Group's existing bank loans had been hedged.

As at 31 March 2023, net debt/EBITDA ratio was 1.8 times (FY22: 1.9 times). Interest coverage ratio (EBITDA/Interest) was 18.6 times (FY22: 29.8 times).

### NET ASSET VALUE

The net asset value per unit based on issued units as at 31 March 2023 was 67.5 Singapore cents.

[2] The interest expenses used in the computation of effective average interest rate included the impact of net settlement from interest rate swaps.

# BOARD OF DIRECTORS

## Mr Chaly Mah Chee Kheong

- Chairman of the Board
- Non-Executive and Independent Director of the Trustee-Manager
- Chairman of the Nominating Committee
- Chairman of the Remuneration Committee
- Member of the Risk and Regulatory Committee

| Date of First Appointment as a Director: | Date of Appointment as Chairman: | Date of Last Re-election as a Director: |
|---|---|---|
| 21 February 2017 | 19 April 2017 | 28 September 2020 |

- Bachelor of Commerce, University of Melbourne, Australia
- Fellow, Institute of Chartered Accountants, Australia and New Zealand
- Fellow, Certified Practising Accountants, Australia
- Fellow, Association of Chartered Certified Accountants, United Kingdom
- Fellow, Institute of Singapore Chartered Accountants

### PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES:

- CapitaLand Investment Limited

### OTHER PRINCIPAL COMMITMENTS:

- Chairman, Singapore Tourism Board
- Chairman, Surbana Jurong Private Limited
- Board Member, Monetary Authority of Singapore
- Member of the Board of Trustees, National University of Singapore
- Board Member, Flipkart Private Limited

### OTHER APPOINTMENTS:

- Non-Resident Ambassador to the Republic of Costa Rica
- Board of Trustee, SG Eco Fund

### PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER PRECEDING FIVE YEARS:

- Nil

### BACKGROUND AND WORKING EXPERIENCE:

Mr Mah, 67, was with Deloitte for over 38 years. He retired in 2016 as the CEO of Deloitte Southeast Asia and Chairman of Deloitte Singapore. He was the CEO of Deloitte Asia Pacific and member of the Deloitte Global Executive from 2007 to 2015 and the Vice Chairman of Deloitte Global Board from 2015 to 2016.

## Mr Eric Ang Teik Lim

- Non-Executive and Independent Director of the Trustee-Manager
- Member of the Nominating Committee
- Member of the Audit Committee

| Date of First Appointment as a Director: | Date of Last Re-election as a Director: |
|---|---|
| 24 March 2017 | 19 July 2021 |

- Bachelor of Business Administration (Honours), University of Singapore (now known as the National University of Singapore)

### PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES:

- Raffles Medical Group
- Wing Tai Holdings Limited

### OTHER PRINCIPAL COMMITMENTS:

- Board Member, Surbana Jurong Private Limited

### PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER PRECEDING FIVE YEARS:

- Board Member, Sembcorp Marine Limited

### BACKGROUND AND WORKING EXPERIENCE:

Mr Ang, 70, was a Senior Executive Advisor at DBS Bank Ltd ("DBS Bank") before retiring in January 2020. He had been with DBS Bank since the start of his banking career in 1978. Prior to his role as an advisor at DBS Bank, he was the head of its Capital Markets. Through the years, Mr Ang has developed a wealth of experience in Singapore's capital markets, having worked on landmark deals such as the listing of Singapore Airlines Ltd, Singapore Telecommunications Ltd and CapitaLand Mall Trust. He had previously served on the boards of Hwang Capital (Malaysia) Berhad, Sembcorp Marine Limited, Changi Airport Group, DBS Foundation Ltd and NetLink Management Pte. Ltd. (the trustee of NetLink Trust).

# Ms Koh Kah Sek

- Non-Executive and Independent Director of the Trustee-Manager
- Chairman of the Audit Committee

| Date of First Appointment as a Director: | Date of Last Re-election as a Director: |
| --- | --- |
| 21 February 2017 | 20 July 2022 |

- Bachelor of Commerce, University of Melbourne, Australia
- Fellow, CPA Australia
- CA (Singapore), Institute of Singapore Chartered Accountants

## PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES:

- Far East Orchard Limited

## OTHER PRINCIPAL COMMITMENTS:

- Executive Director and Chief Financial Officer, Far East Organization
- Member, Professional Education Council (Singapore Chartered Accountant Qualification), Accounting and Corporate Regulatory Authority
- Member, Accounting Standards Committee, Accounting and Corporate Regulatory Authority
- Member, The Future Economy Council Lifestyle Sub Committee
- Director, Baker and Cook Pte Ltd
- Director, Commonwealth Concepts Pte Ltd

## PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER PRECEDING FIVE YEARS:

- Nil

## BACKGROUND AND WORKING EXPERIENCE:

Ms Koh, 51, is the Executive Director and Chief Financial Officer ("CFO") of Far East Organization ("FEO"), where she is responsible for FEO's financial affairs, including corporate finance, treasury, overseas investments, risk management and capital management. She oversees the corporate function of FEO's Group Legal Division and is also the Chairman of FEO Retail Executive Committee.

Ms Koh is currently the board Chairman of Far East Orchard Limited ("FEOR") and she was a member of the FEOR Remuneration Committee from 2017 to 2021.

Prior to joining FEO, Ms Koh worked in Singapore Telecommunications Limited ("SingTel") from 2005 to 2011. In SingTel, she held various senior management positions, such as the Group Financial Controller, CFO of Singapore Business and Group Treasurer. Ms Koh previously served as a board member of public listed companies including Globe Telecom, Inc. and Advanced Info Service Public Company Limited. Prior to joining SingTel, Ms Koh began her career with Price Waterhouse and thereafter she worked at a leading global investment bank before she held a senior management role in a public listed F&B company in Singapore.

## Mr Yeo Wico

- Non-Executive and Independent Director of the Trustee-Manager
- Member of the Audit Committee
- Member of the Remuneration Committee

| Date of First Appointment as a Director: | Date of Last Re-election as a Director: |
|---|---|
| 21 February 2017 | 20 July 2022 |

- LLB (Hons), National University of Singapore

### PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES:

- Vicplas International Limited

### OTHER PRINCIPAL COMMITMENTS:

- Partner, Allen and Gledhill LLP
- Board Member, Changi Airports International Pte Ltd

### PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER PRECEDING FIVE YEARS:

- Nil

### BACKGROUND AND WORKING EXPERIENCE:

Mr Yeo, 56, is currently a partner of Allen and Gledhill LLP, a Singapore law firm. He has been in legal practice in Singapore as an Advocate and Solicitor of the Supreme Court of Singapore since 1992. In addition, Mr Yeo was admitted as a non-practising solicitor of England and Wales and as an attorney and Counselor-at-Law in the State of New York. He also serves as the independent non-executive chairman and director of Vicplas International Ltd. He was previously an independent non-executive director of CitySpring Infrastructure Management Pte. Ltd., the then trustee-manager of CitySpring Infrastructure Trust (now known as Keppel Infrastructure Trust) and a non-executive director of SP Services Limited (a wholly-owned subsidiary of Singapore Power Limited). He had also served as a member of the Accounting Standards Council.

## Ms Ku Xian Hong

- Non-Executive and Independent Director of the Trustee-Manager
- Chairman of the Risk and Regulatory Committee
- Member of the Remuneration Committee

| Date of First Appointment as a Director: | Date of Last Re-election as a Director: |
| --- | --- |
| 1 October 2018 | 19 July 2021 |

- Bachelor of Science, National University of Singapore
- Master of Business Administration (with Distinction), DePaul University, Chicago

### PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES:

- Far East Orchard Limited

### OTHER PRINCIPAL COMMITMENTS:

- Council Member, Singapore Cancer Society
- Chair, Digital and Technology Committee, Singapore Cancer Society

### OTHER APPOINTMENTS:

- Board Member, Anyhealth Company Limited

### PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER PRECEDING FIVE YEARS:

- Nil

### BACKGROUND AND WORKING EXPERIENCE:

Ms Ku, 63, is currently a Council Member of the Singapore Cancer Society. She is a Board Member and an Audit and Risk Committee Member of Far East Orchard Limited. She also sits on the Board of Anyhealth Company Limited, a company in China focused on providing business-to-business (B2B) and business-to-consumer (B2C) healthcare mobile solutions. She also serves on the Board and working committees of a number of non-profit organisations. She was in the editorial committee of the first edition of the series of Corporate Governance Guides published by the Singapore Institute of Directors.

Ms Ku was a Managing Director in Accenture Singapore before retiring in November 2013. She assumed multiple Asia Pacific leadership roles over her 27-year career at Accenture and spent several years in China, Hong Kong and Taiwan establishing the Greater China Change Management practice to help clients transform their workforce. Her experience includes working with clients in various industries to implement technology solutions, and improve organisation performance and business processes.

## Mr William Woo Siew Wing

- Non-Executive and Non-Independent Director of the Trustee-Manager
- Member of the Nominating Committee

| Date of First Appointment as a Director: | Date of Last Re-election as a Director: |
|---|---|
| 27 November 2020 | 19 July 2021 |

- Bachelor of Applied Science in Computing (Distinction), Queensland University of Technology, Australia
- Executive MBA, National University of Singapore with an Academic Excellence Award

### PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES:

- Nil

### OTHER PRINCIPAL COMMITMENTS:

- Group Chief Information Officer and Group Chief Digital Officer, Singapore Telecommunications Limited

### OTHER APPOINTMENTS:

- Board Member, Trustwave Holdings Inc
- Board Member, VA Dynamic Sdn Bhd

### PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER PRECEDING FIVE YEARS:

- Nil

### BACKGROUND AND WORKING EXPERIENCE:

Mr Woo, 59, is currently Singapore Telecommunications Limited (Singtel)'s Group Chief Information Officer and Group Chief Digital Officer. He is responsible for driving the IT vision and strategy in technology management to enable the digital transformation at Singtel Group. He is also a member of the Singtel Management Committee.

Mr Woo joined Singtel from Xchanging PLC, a London-listed leading business processing and technology service provider and integrator, where he was Managing Director for the South East Asia region. Prior to that, Mr Woo worked at Electronic Data Systems (EDS) for 20 years and had held various senior management roles which included Managing Director of South East Asia and India and Vice President, Global Service Delivery of Asia.

## Mr Quah Kung Yang

- Non-Executive and Non-Independent Director of the Trustee-Manager
- Member of the Risk and Regulatory Committee

| Date of First Appointment as a Director: | Date of Last Re-election as a Director: |
|---|---|
| 3 November 2022 | Not Applicable |

- Bachelor of Accountancy (Honours), University of Kent at Canterbury, United Kingdom
- Fellow, Institute of Chartered Accountants in England and Wales
- CA (Singapore), Institute of Singapore Chartered Accountants

### PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES:

- Nil

### OTHER PRINCIPAL COMMITMENTS:

- Group Financial Controller, Singapore Telecommunications Limited

### PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER PRECEDING FIVE YEARS:

- Nil

### BACKGROUND AND WORKING EXPERIENCE:

Mr Quah, 61, is currently the Group Financial Controller for Singapore Telecommunications Limited (Singtel), overseeing the business reporting of the Singtel Group, and the business management of their regional joint ventures and associates.

He has responsibilities for business enablement initiatives that drive performance across the Singtel Group and is also the finance business partner for the Singtel Group Corporate functions, such as IT, HR, Procurement, Legal and Property.

With close to 30 years' experience at Singtel, Mr Quah was previously the CFO of various Singtel business units, the most recent being the CFO of Optus, Singtel Group's subsidiary in Australia. He has also held various roles within the Singtel Group in the areas of Corporate Finance, Tax, and International Operations.

## Mr Tong Yew Heng

- Executive and Non-Independent Director of the Trustee-Manager
- Chief Executive Officer of the Trustee-Manager

| Date of First Appointment as a Director: | Date of Last Re-election as a Director: |
|---|---|
| 21 February 2017 | 19 July 2021 |

- Bachelor of Engineering (Honours), University of Strathclyde, United Kingdom
- Master of Business Administration, Nanyang Technological University
- Executive Development Programme, International Institute of Management Development, Switzerland
- CA (Singapore), Institute of Singapore Chartered Accountants

### PRESENT DIRECTORSHIPS IN OTHER LISTED COMPANIES:

- Nil

### OTHER PRINCIPAL COMMITMENTS:

- Nil

### PAST DIRECTORSHIPS IN OTHER LISTED COMPANIES HELD OVER PRECEDING FIVE YEARS:

- Nil

### BACKGROUND AND WORKING EXPERIENCE:

Mr Tong, 60, has been the CEO of NetLink Trust ("NLT") since January 2016. In this role, he is responsible for the overall leadership and performance of NLT. Mr Tong brings with him more than 20 years of experience from senior management positions in various industries. Prior to joining NLT, Mr Tong was Executive Vice President, Corporate and Market Development, of Singapore Technologies Electronics Limited. Before that, he was CEO of CitySpring Infrastructure Trust.

# SENIOR MANAGEMENT

**Mr Tong Yew Heng**
CHIEF EXECUTIVE OFFICER

**Ms Diane Chen**
CHIEF FINANCIAL OFFICER

**Mr Chye Hoon Pin**
EXECUTIVE DIRECTOR (PROJECTS)

**Ms Cheryl Chew**
DIRECTOR, FACILITIES MANAGEMENT

**Mr Parry Huang**
DIRECTOR, SERVICE PROVISIONING

**Mr Kelvin Chia**
DIRECTOR, TREASURY AND CORPORATE FINANCE

**Mr Lee Khoon Aik**
DIRECTOR, REGULATORY AND INTERCONNECT

**Mr Widjaja Suki**
DIRECTOR, PRODUCTS, BUSINESS DEVELOPMENT AND PROCESS

**Ms Christine Yeo**
FINANCIAL CONTROLLER

**Mr Tiong Onn Seng**
SENIOR DIRECTOR (OPERATIONS)

**Mr Melvin Chan**
DIRECTOR, ENGINEERING PLANNING

**Mr Stanley Lim**
DIRECTOR, INFORMATION TECHNOLOGY

**Ms Alice Lim**
DIRECTOR, HUMAN RESOURCE AND ADMINISTRATION

**Mr Victor Chan**
DIRECTOR, CORPORATE PLANNING AND COMMUNICATIONS

**Mr Danny Leow**
DIRECTOR, OPERATIONS, IMPLEMENTATION AND MAINTENANCE

**Mr Lim Ke Xiu**
COUNSEL, LEGAL AND SECRETARIAT

# CORPORATE GOVERNANCE

## Introduction

NetLink NBN Trust (also referred to as "**Trust**") is a trust constituted on 19 June 2017 by a declaration of trust by NetLink NBN Management Pte. Ltd., as trustee-manager of NetLink NBN Trust (the "**Trustee-Manager**"), under the trust deed dated 19 June 2017 (as amended and restated by the Amending and Restating Deeds dated 25 July 2018, 28 September 2020, 19 July 2021, and 20 July 2022) (collectively, the "**Trust Deed**"). NetLink NBN Trust is registered as a business trust under the Business Trusts Act 2004 ("**BTA**"), and was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 19 July 2017.

The Trustee-Manager is incorporated in Singapore, and the management of NetLink NBN Trust is undertaken by the Trustee-Manager, the shares of which are held on trust for the benefit of the unitholders of NetLink NBN Trust (the "**Unitholders**") in proportion to such Unitholders' respective percentage of units held or owned in NetLink NBN Trust (the "**Units**").

Further, subject to the terms of the trust deed ("**TM Shares Trust Deed**") constituting Singapore NBN Trust ("**TM Shares Trust**"), DBS Trustee Limited (as trustee of Singapore NBN Trust and the legal owner of the TM Shares) will exercise its rights and powers over the Trustee-Manager in such manner as the Unitholders may direct by way of resolutions passed at general meetings. This means that Unitholders are empowered to direct DBS Trustee Limited (among other things, by ordinary resolution at the Annual General Meeting ("**AGM**") of the TM Shares Trust) to approve the appointment or re-election of the directors of the Trustee-Manager ("**Directors**") (each Director of the Trustee-Manager being required to retire from office at least once every three years). This structure allows the Trustee-Manager to be internalised in contrast with other structures where the trustee-managers are typically owned by sponsors.

An internalised structure pre-empts any conflict of interest between the Unitholders and the Trustee-Manager from arising. The complete alignment of interest between the Trustee-Manager and the Unitholders is a strong factor in the choice of NetLink NBN Management Pte. Ltd. as trustee-manager.

This internalised structure of the Trustee-Manager also benefits NetLink NBN Trust and its subsidiaries (referred to collectively as "**NetLink**", and together with the Trustee-Manager referred to as "**NetLink NBN Group**") in the following ways:

a. The appointment and re-election of Directors of the Trustee-Manager are subject to Unitholders' approval. With this right provided to Unitholders (which is not available where the trustee-managers are owned by sponsors), Unitholders have a direct role in the election of Directors.
b. The fees payable to the Trustee-Manager are primarily used to defray the Trustee-Manager's expenses (for example, director's fees payable to the Directors of the Trustee-Manager, as well as certain statutory and administrative costs incurred by the Trustee-Manager). This results in substantially lower fees payable to the Trustee-Manager as compared to other trustee-managers which charges fees on different basis. In addition, there are no acquisition or divestment fees. The lower fee that stems from the internalised structure of the Trustee Manager results in cost savings for NetLink NBN Trust.
c. There is stability and continuity in the management of NetLink NBN Trust. While the BTA and the Trust Deed provide mechanisms for the removal of the Trustee-Manager, such removal is unlikely to occur as the interests of the Trustee-Manager and the Unitholders are aligned, and the Directors of the Trustee-Manager are elected by the Unitholders.

In addition, pursuant to the Info-communications Media Development Authority of Singapore's ("**IMDA**")'s requirements, the Trust Deed provides that no appointment or removal of the Trustee-Manager shall be effective unless:

a. IMDA has approved such appointment or removal; and
b. such appointment or removal is not contrary to the control and ownership restrictions under the licence held by the Trustee-Manager to provide facilities-based operations.

The Trust does not have a Sponsor. Further, the Trustee-Manager does not hold any Units in the Trust, and so does not have a blocking stake in the event of a takeover. However, the prior approval of IMDA is required for any amalgamation, reconstruction or change to the trust structure of NetLink NBN Trust.

# Code of Corporate Governance

The board of directors and management team of the Trustee-Manager are fully committed to maintaining high standards of corporate governance, and firmly believe that good corporate governance is essential to protecting the best interests of Unitholders and maintaining the sustainability of the business of NetLink.

The Trustee-Manager has complied with the principles of the Code of Corporate Governance 2018 ("**2018 Code**") and largely complied with the provisions of the 2018 Code, and where there is a variation from any provisions of the 2018 Code, appropriate explanations have been provided on the reason for such variations and how the existing practices adopted are consistent with the intent, aim and philosophy of the relevant principles of the 2018 Code. The Trustee-Manager also ensures that all applicable laws, rules and regulations including the Securities and Futures Act 2001 ("**SFA**"), the Listing Rules, and the BTA, including the relevant regulations thereunder, are duly complied with.

This report describes the Trustee-Manager's main corporate governance policies and practices with specific reference to the 2018 Code, and should be read in totality with the other sections of this Annual Report which are cross-referred.

# Section (A): Board Matters

## THE 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.**

The board of directors of the Trustee-Manager ("**Board**") is responsible for the overall management and the corporate governance of NetLink NBN Trust – including setting the direction and goals for the Trustee-Manager's management team ("**Management**"), monitoring the achievement of these goals and holding Management accountable for its performance. The Board seeks to align the interests of NetLink NBN Trust with that of Unitholders, and to balance the interests of other stakeholders.

The Board is collectively responsible for the long-term success of NetLink NBN Trust and its value creation, and exercises close oversight over key areas in corporate governance, strategy, finance, risk management and internal controls, and human resources. Various policies have been developed and implemented to ensure proper governance. More details on these policies are set out under "Additional Information" on pages 64 to 65.

The Board provides a balanced and understandable assessment of NetLink's performance, position, and prospects to Unitholders in a timely manner, through publication of its business updates and financial results, and via announcements on NetLink NBN Trust's website and SGXNET. Following Singapore Exchange Regulation Pte Ltd ("**SGX RegCo**")'s removal of mandatory quarterly reporting, the Board provides business updates on NetLink for its first and third quarters. These business updates supplement the half-year and full-year financial results. Notwithstanding the removal of quarterly reporting, the Board continues to conduct regular scheduled meetings for the first and third quarters of the financial year to review the business updates.

All Directors act honestly and exercise reasonable diligence in the discharge of the duties of his or her office and, in particular, will take all reasonable steps to ensure that the Trustee-Manager discharges its duties under the BTA, and gives priority to the interests of all Unitholders as a whole over the interests of the Trustee-Manager in the event of a conflict between the interests of all Unitholders as a whole and the interests of the Trustee-Manager. In NetLink NBN Group's case, as the Trustee-Manager is beneficially owned by the Unitholders as a whole, the interests of the Unitholders as a whole and the interests of the Trustee-Manager are completely aligned, and this pre-empts any conflict of interest from arising.

All Directors are required to disclose their business interests and any potential or actual conflicts of interest that they are aware of, or as soon as such conflicts become apparent. In any situation that involves a conflict of interest with NetLink NBN Trust, Directors recuse themselves from participating in any discussion and decision on the matter.

NetLink NBN Group has established appropriate internal policies to ensure compliance with legislative and regulatory requirements, including requirements under the BTA and the Listing Rules.

A formal letter of appointment explaining their duties and obligations as Director is provided to every new Director upon appointment. The formal letter of appointment sets out the time commitment required of the Director and the Director's roles and responsibilities, including disclosure requirements and best practices relating to dealings in securities under applicable laws and regulations.

Newly-appointed Directors undergo a comprehensive orientation programme which includes site visits to NetLink's central offices and co-location rooms to better apprise them of NetLink's business. First-time Directors who do not have prior experience as a director of a Singapore listed company are also provided with a comprehensive briefing on the roles, duties and obligations of directors and will undergo compulsory training in the roles and responsibilities of a director of a listed issuer as prescribed under the Listing Rules.

Mr Quah Kung Yang who was appointed on 3 November 2022 and had no prior experience as a director of a listed company will be completing his mandatory training as a director of a listed issuer by July 2023.

Directors are regularly updated on changes to applicable laws and regulations (e.g. regulatory developments), developments in corporate governance (e.g. ESG issues) and changes in accounting standards, either during Board meetings or via electronic mail. Management also circulates to Directors, relevant articles relating to recent developments in the telecoms industry, such as developments in broadband technology and 5G.

Under the direction of the Chairman and the Chief Executive Officer ("**CEO**"), the Company Secretaries facilitate good information flow between the Board and Management. The Company Secretaries assist Directors in ensuring compliance with their obligations under the relevant rules and regulations, and in the Directors' professional development. During the period under review, the external courses/seminars listed below were each attended by at least one Director:

| COURSE/SEMINAR | ORGANISER |
|---|---|
| Steward Leadership: The 21st Century Model for Profitable Growth | Singapore Institute of Directors |
| SID Startups Network – GOVERNANCE @ STARTUPS | Singapore Institute of Directors |
| SID Directors Conference | Singapore Institute of Directors |
| ARC Pit Stop – Climate Risk Reporting | Singapore Institute of Directors |
| Environmental, Social and Governance Essentials (Core) | Singapore Institute of Directors |
| Sustainability E-learning for Directors | Institute of Singapore Chartered Accountants |

All Directors have attended the one-time sustainability training mandated under the enhanced SGX-ST sustainability reporting rules.

The Company Secretaries also inform Directors of relevant upcoming conferences and seminars (e.g. training programmes conducted by the SID). The expenses of such events attended by the Directors are borne by the Trustee-Manager.

The Board Charter sets out, *inter alia*, matters that require the Board's approval viz:

a. major funding proposals, investments, acquisitions, and divestments including commitments in terms of capital and other resources;
b. annual budget;
c. annual and quarterly financial reports;
d. internal controls and risk management strategies, and execution; and
e. appointment of Directors, CEO, Chief Financial Officer ("**CFO**"), and Chief Operating Officer ("**COO**")[1], including review of their performance and remuneration packages.

As a general rule, the Board reviews and approves transactions that require disclosure by NetLink NBN Trust pursuant to the Listing Rules. The policy guidelines on Delegation of Authority on Expenditure and Revenue ("**DOA Policy**") also set out the financial limits that require the Board's approval. In its DOA Policy, the Trustee-Manager has adopted a set of internal guidelines which set out the financial authority limits for expenditure, asset disposals and write-off, revenue, and treasury transactions that require the approval of the Board. Appropriate delegations of authority and approval sub-limits are also established at the Management level to facilitate operational efficiency.

The following Board committees have been set up with clear terms of reference to assist the Board in the discharge of its responsibilities:

- Audit Committee ("**AC**")
- Risk and Regulatory Committee ("**RRC**")
- Nominating Committee ("**NC**")
- Remuneration Committee ("**RC**")

Information on the AC, RRC, NC and RC (collectively, "**Board Committees**") and their respective terms of reference can be found in the subsequent sections of this report.

The schedules of all Board and Board Committee meetings, and the AGMs of NetLink NBN Trust and the TM Shares Trust are planned one calendar year in advance, in consultation with the Directors. The Board meets at least four times a year and convenes at other times as warranted by particular circumstances to discuss and review NetLink NBN Group's key activities. Matters on which the Board is consulted include business strategies and policies for NetLink NBN Group, its annual budget, the performance of the business and the financial affairs of NetLink NBN Group. The Board also reviews and approves the release of the half-year and full-year financial results and business updates.

The Trustee-Manager's Constitution provides for Board meetings to be held via telephone or video conference. During the period when measures were tightened to curb the spread of COVID-19, Board and Board Committee meetings were held via video conference.

To ensure that each Director is able to give sufficient time and attention to NetLink NBN Group's affairs, the Trustee-Manager has in place a Policy on Multiple Directorships. As a general rule, each Director may hold a maximum of five directorships in listed companies. Where a Director holds directorships in more than one listed company within the same group of companies by virtue of his or her employment, such directorships may be considered as a single directorship.

A record of the Directors' attendance at the AGMs, Board and Board Committee meetings for FY2023 is set out in the table on the following page.

[1] NetLink NBN Group currently does not have a COO appointed.

| | AGM | | BOARD | | AUDIT COMMITTEE | |
|---|---|---|---|---|---|---|
| **Number of meetings** | | | | | | |
| | Held | Attended | Held | Attended | Held | Attended |
| Chaly Mah Chee Kheong | 1 | 1 | 4 | 4 | - | - |
| Koh Kah Sek | 1 | 1 | 4 | 4 | 4 | 4 |
| Eric Ang Teck Lim | 1 | 1 | 4 | 4 | 4 | 4 |
| Ku Xian Hong | 1 | 1 | 4 | 4 | - | - |
| Yeo Wico | 1 | 1 | 4 | 4 | 4 | 4 |
| William Woo Siew Wing | 1 | 1 | 4 | 4 | - | - |
| Sean Slattery Patrick(1) | 1 | 1 | 3 | 3 | - | - |
| Quah Kung Yang(2) | - | - | 1 | 1 | - | - |
| Tong Yew Heng(3) | 1 | 1 | 4 | 4 | 4 | 4 |

Note
(1) Mr Slattery Sean Patrick stepped down from the Board on 3 November 2022. Consequently, he also relinquished his position as Chairman of the Risk and Regulatory Committee.
(2) Mr Quah Kung Yang was appointed onto the Board and as a member of the Risk and Regulatory Committee on 3 November 2022.
(3) Mr Tong Yew Heng is not a member of the Board Committees but attends the meetings in his capacity as CEO.

Management provides the Board with relevant, complete, adequate and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an on-going basis. Management has in place a procedure for papers to be circulated to the Board or to be submitted at Board meetings. Board papers adhere to a standard format which includes background information, issues for deliberation, and risk mitigation measures.

To give Directors sufficient time to prepare for Board and Board Committee meetings, the agenda, papers and presentation slides are uploaded onto a secured electronic platform, one week before the relevant meeting. Directors can access these materials via their personal computers, laptops, smartphones and other mobile devices prior to, during and after meetings. Hard copies of these materials are also distributed to the Directors at their request. Members of Management who prepared the Board papers and can provide additional insights into matters at hand would be present at the relevant meeting.

Management provides the Board with monthly reports on NetLink's financial and business performance, and such explanation and information as the Board may require, to enable the Board to make a balanced and informed assessment of NetLink's performance, position and prospects. The Board is also apprised of any significant developments on business initiatives, industry developments and regulatory updates. Since the start of the COVID-19 pandemic, Management has been providing the Board with regular status updates on how NetLink NBN Group manages its operations under its business continuity plan ("**BCP**"). To keep the Board abreast of investors' feedback and perceptions, NetLink NBN Group's Investor Relations team provides the Board with a summary of the investor relations activities, feedback gathered from investors, unit price performance and analysis of the Trust's unitholder register on a half-yearly basis. Summaries of analyst/media reports are also provided to the Board each time after NetLink NBN Group announces its quarterly business updates, half-year and full-year financial results.

| RISK & REGULATORY COMMITTEE | | NOMINATING COMMITTEE | | REMUNERATION COMMITTEE | | BOARD STRATEGY RETREAT | |
|---|---|---|---|---|---|---|---|
| Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| 4 | 4 | 2 | 2 | 1 | 1 | 1 | 1 |
| - | - | - | - | - | - | 1 | 1 |
| - | - | 2 | 2 | - | - | 1 | 1 |
| 4 | 4 | - | - | 1 | 1 | 1 | 1 |
| - | - | - | - | 1 | 1 | 1 | 1 |
| - | - | 2 | 2 | - | - | 1 | 1 |
| 3 | 3 | - | - | - | - | - | - |
| 1 | 1 | - | - | - | - | 1 | 1 |
| 4 | 4 | 2 | 2 | 1 | 1 | 1 | 1 |

Directors have separate and independent access to Management and the Company Secretaries. As a matter of good corporate governance practice, the role of the Company Secretary has been clearly defined.

The Company Secretaries attend to corporate secretarial administration matters. They assist the Board and Management in implementing and strengthening corporate governance policies and procedures. The Company Secretaries ensure that Board procedures are properly followed. They prepare the agenda for Board and Board Committee meetings in consultation with the Chairman, the respective Board Committee Chairpersons and the CEO, and attend Board and Board Committee meetings. The appointment and the removal of the Company Secretaries are subject to the Board's approval.

The Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties, the expenses of which are borne by the Trustee-Manager.

## 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.**

As at the date of this Annual Report, the Board consists of eight members, five of whom are independent Directors. Of the three non-independent Directors, two are non-executive Directors and one (being the CEO) is an executive Director. The Chairman of the Board ("**Chairman**"), Mr Chaly Mah Chee Kheong, is an independent Director. The independent Directors and their immediate family members have no relationships with the Trustee-Manager, its related corporations, its substantial shareholders, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of NetLink NBN Trust. More details on the independence of Directors are set out under "Additional Information" on pages 188 to 190.

The composition of the Board also complies with the BTA and the Business Trusts Regulations 2005 ("**BTR**"), and consists of:

- at least a majority of Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- at least a majority of Directors who are independent from any single substantial shareholder of the Trustee-Manager.

The current composition of the Board and the Board Committees is set out below:

| | BOARD | AUDIT COMMITTEE | RISK & REGULATORY COMMITTEE | NOMINATING COMMITTEE | REMUNERATION COMMITTEE |
|---|---|---|---|---|---|
| Chaly Mah Chee Kheong | Chairman and Independent Director | - | Member | Chairman | Chairman |
| Koh Kah Sek | Independent Director | Chairman | - | - | - |
| Eric Ang Teck Lim | Independent Director | Member | - | Member | - |
| Ku Xian Hong | Independent Director | - | Chairman[1] | - | Member |
| Yeo Wico | Independent Director | Member | - | - | Member |
| William Woo Siew Wing | Non-Executive Director | - | - | Member | - |
| Quah Kung Yang | Non-Executive Director | | Member[2] | | |
| Tong Yew Heng | Executive Director | - | - | - | - |

Note:
[1] Ms Ku Xian Hong was appointed Chairman of the Risk and Regulatory Committee on 3 November 2022. She was a Member of the Risk and Regulatory Committee prior to that.
[2] Mr Quah Kung Yang was appointed Member of the Risk and Regulatory Committee on 3 November 2022.

Annually, the NC reviews the structure, size, and composition of the Board to ensure appropriate balance and diversity. The Board has in place a Board Diversity Policy which recognises and embraces the importance and benefits of having a diverse Board and supports the Board in achieving its strategic objectives. In designing the Board's composition, Board diversity has been considered from a number of aspects, such as diversity in skills, industry and business experiences, knowledge, gender, age, ethnicity, tenure of service, and other distinguishing qualities of the members of the Board. A diverse Board will bring to the Board different perspectives, experiences, and competencies, and enhance the decision-making of the Board.

The NC has put in place a skills matrix which is used to assess if the skills and experience of a candidate complement those of the existing Board members. When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NC will take into consideration the Board's Diversity Policy and strive for the inclusion of diverse groups and viewpoints. All Board appointments are made based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity and the needs of the Board.

In its annual review, the NC was satisfied that the objectives of the Diversity Policy continue to be met. In relation to gender diversity, the Board has two female Directors, representing 25% of the Board which is in line with the guidelines proposed by the Council for Board Diversity. The Board has also set a target of achieving a minimum 30% female representation on the Board by 2030 and in this regard, the NC will ensure that female candidates are included for consideration when identifying suitable candidates for new appointments to the Board as part of the Board renewal process.

The Board, taking into account the views of the NC, considers that the current eight-member Board to be an appropriate size[1] and as a group possesses an appropriate balance and diversity necessary to manage and contribute effectively to NetLink NBN Group as contemplated by the Board Diversity Policy. In relation to skills and experience, the Directors are corporate and business leaders and professionals with varied backgrounds, expertise and experience. In relation to tenure, the ongoing Board renewal process is phased to ensure that the Trustee-Manager has a group of Independent Directors whose tenure are staggered across their terms of office. This provides continuity and stability for the conduct of Board matters while also ensuring that the Board is able to benefit from different perspectives and insights from its members.

The Board remains committed to implementing the Board Diversity Policy and any progress made towards the implementation of the Board Diversity Policy will be reported and disclosed in future annual reports, as appropriate.

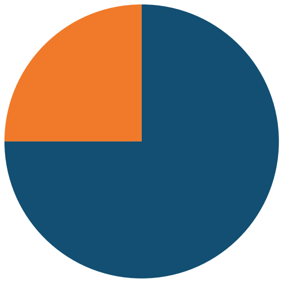
The Board composition in terms of age group, gender, independence, length of tenure and skills is illustrated in the charts on the following page:

[1] The NC will review the board size from time to time, and make recommendations to the Board. Currently, the NC has recommended that a board size of eight to nine members is appropriate.

### Age group

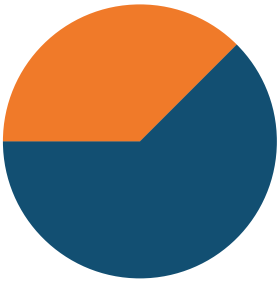
- 50% 61-70 years old
- 50% 51-60 years old

### Gender



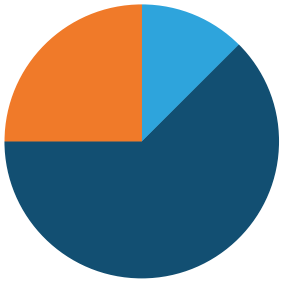
- 25% Female
- 75% Male

### Independence



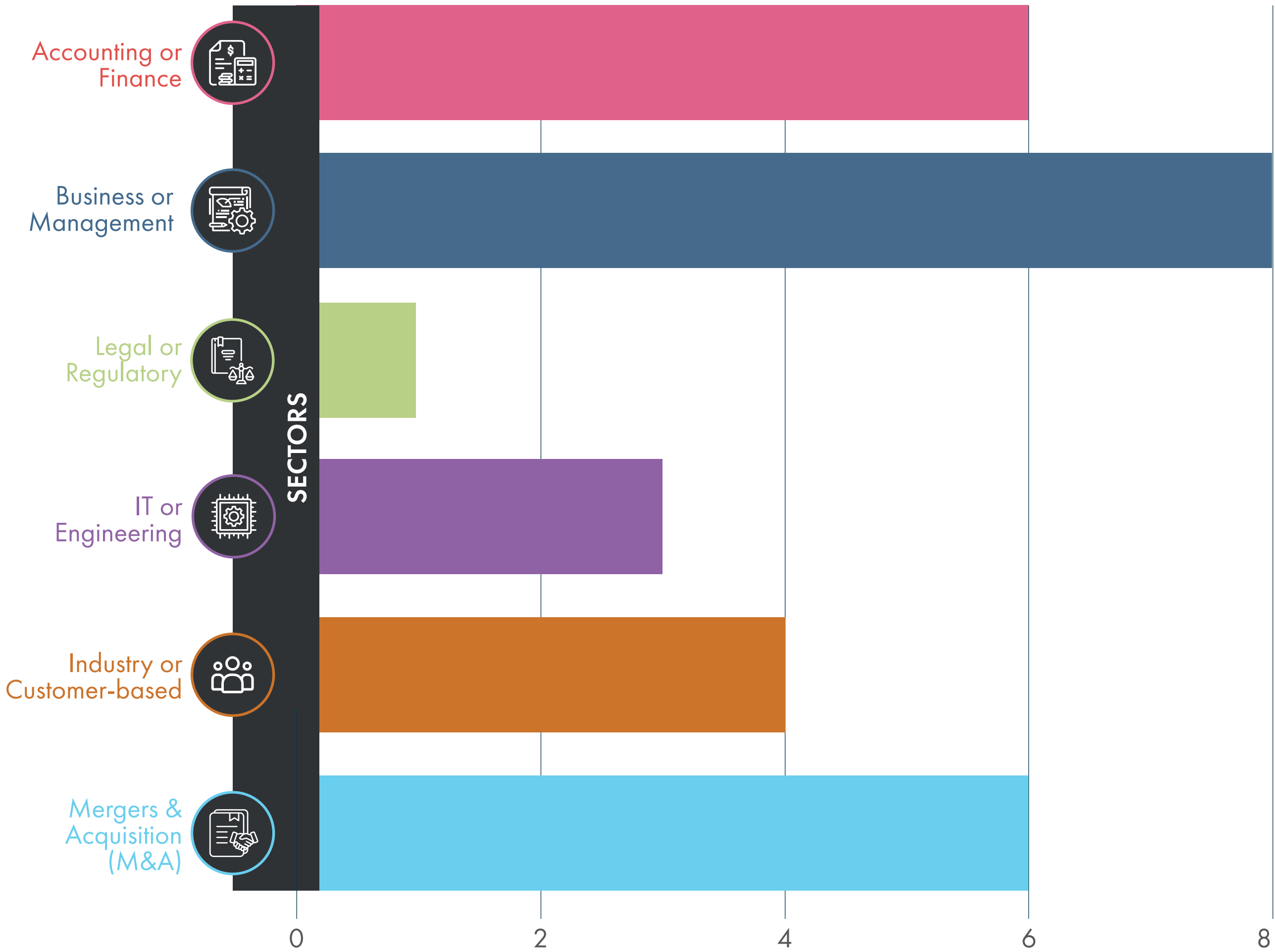
- 37.5% Non-independent
- 62.5% Independent

### Length of tenure



- 25% > 0.5 years < 4 years
- 12.5% > 4 years but < 6 years
- 62.5% > 6 years but < 9 years

### Skill sets



Directors and Management openly discuss and debate issues at Board meetings. Non-executive Directors are kept apprised of NetLink's business through monthly business reviews (which include financial highlights, operational performance indicators and key risks monitoring indices) circulated by Management. Minutes of all Board Committee meetings are circulated to the Board so that the Directors are aware and kept updated as to the proceedings and matters discussed during such meetings. At every Board Meeting, a Non-executive Directors session without the CEO's and Management's presence is scheduled for the Non-executive Directors to review the performance and effectiveness of Management and feedback is thereafter provided to the CEO and Management.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**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 positions of Chairman and CEO are separately held by two persons in order to maintain effective checks and balances. This promotes greater accountability from Management and allows the Board to exercise its independence in its oversight of and deliberations with Management. There is a clear separation of the roles and responsibilities between the Chairman and the CEO, as set out in the Role Statement of the Chairman and the CEO.

The Chairman is responsible for the overall management of the Board as well as ensuring that Directors and Management work together with integrity and competency. He leads the Board to ensure its effectiveness in all aspects of its role. Among other things, the Chairman ensures effectiveness by steering productive and comprehensive discussions amongst Board members and Management on strategic and other key issues pertinent to the business and operations of NetLink NBN Group. He encourages active engagement, participation by and contribution from all Directors. With the assistance of the Company Secretaries, he schedules meetings and prepares meeting agendas to enable the Board to perform its duties responsibly having regard to NetLink NBN Trust's operations. He also monitors the flow of information from Management to the Board to ensure that material information is provided in a timely manner to Directors. The Chairman plays a key role in promoting high standards of corporate governance and transparency and ensuring effective communication with the stakeholders.

The CEO has full executive responsibilities over the business direction and operational decisions in the day-to-day management of NetLink NBN Trust. He works with Management to ensure that action plans have been put in place in developing an effective enterprise risk management system. He works with the Board to determine NetLink NBN Trust's strategy and is responsible for the implementation of the strategies and policies approved by the Board. The CEO provides leadership and guidance to Management in order to meet the strategic and operational objectives of NetLink NBN Trust. He develops and manages good relationships with the stakeholders, such as Unitholders, the regulators and the investment community.

The Chairman and CEO are not immediate family members. Given that the roles of the Chairman and CEO are separate and the Chairman is independent, no lead independent Director is required to be appointed.

## BOARD MEMBERSHIP

**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.**

The NC comprises three Directors, all of whom are non-executive Directors and a majority of whom (including the NC Chairman) are independent, namely:

| | |
|---|---|
| Mr Chaly Mah Chee Kheong | Chairman |
| Mr Eric Ang Teik Lim | Member |
| Mr William Woo Siew Wing | Member |

The terms of reference of the NC provides that the NC shall comprise at least three non-executive Directors, the majority of whom shall be independent (including being independent from management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager).

The NC's responsibilities include, but are not limited to, the following:

a. establishing procedures and making recommendations to the Board on relevant matters relating to the appointment and re-appointment of Directors and considering the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance;
b. reviewing and making recommendations to the Board on relevant matters relating to the board succession plans for Directors, the development of a process and the criteria for evaluation of the performance of the Board, to ensure that the size and diversity of the Board continue to:
    i. meet the needs of the Trustee-Manager and NetLink NBN Trust; and
    ii. facilitate effective decision making;

c. reviewing and making recommendations to the Board on training and professional development programmes for the Board;
d. reviewing, on an annual basis and as and when circumstances require, whether or not a Director is independent; and
e. reviewing other directorships held by each Director and deciding whether or not a Director is able to carry out, and has been adequately carrying out, his duties as a Director of the Trustee-Manager.

Each member of the NC abstains from voting on any resolution in respect of the matter in which he has an interest.

The NC seeks to refresh the Board membership progressively and in a systematic manner, to avoid losing institutional knowledge. The NC also reviews the succession plans for the CEO, the CFO and the COO. The NC recognises the importance of succession planning as part of corporate governance and there is an internal process of succession planning for the Chairman, Directors, the CEO and senior Management, to ensure the progressive and systematic renewal of the Board and key executives. In FY2020, Aon Solutions Singapore Pte Ltd ("**Aon**") was commissioned to review the succession plans for senior Management (including the CEO, the CFO and the COO). In FY2023, Management updated the NC, amongst others, on the actions taken following Aon's FY2020 recommendations on the Senior Management succession plans.

The NC decides how the Board's performance is to be evaluated and propose objective performance criteria. The Chairman of the NC acts on the results of the performance evaluation of the Board, and selections of members of the Board, in consultation with the NC. As in previous years, the Board has appointed an external consultant, Aon, to conduct an evaluation of the Board, the Board Committees and individual Directors for FY2023.

The NC conducts an annual review of each Director's independence in accordance with the BTA and the BTR requirements and takes into consideration the relevant guidelines in the 2018 Code and the Practice Guidance 2023 in relation to the 2018 Code. In any situation that involves a conflict of interest with NetLink NBN Trust, Directors recuse themselves from participating in any discussion and decision on the matter. More details on the independence of the Directors are set out under "Board Composition and Guidance" on pages 44 to 47 and under "Additional Information" on pages 188 to 190.

Each of the Directors consults the Chairman of the Board prior to accepting further commitments which might either give rise to a conflict of interest or a conflict with any of his duties to the Trustee-Manager and/or NetLink NBN Trust, or which might detract from the time that he is able to devote to his role as a Director. The Chairman of the Board himself has to consult the NC before accepting such commitments.

The Board has adopted guidelines to address the competing time commitments that are faced when Directors serve on multiple boards, set out in a Policy on Multiple Directorships. As a general rule, the maximum number of listed company directorships that a Director may hold is five. Where a Director holds directorships in more than one listed company within the same group of companies by virtue of his employment, such directorships may be considered as a single directorship. In appropriate circumstances, the NC may approve a different maximum number of listed company board appointments for a Director, taking into account relevant factors such as the role that the Director plays on the boards that he sits on, whether or not he is employed in an executive position, and the individual skills, ability and capacity of the Director.

For FY2023, the Board is satisfied that all Directors have been able to and have adequately carried out their duties as Directors notwithstanding their other listed company board representations and other principal commitments. Having reviewed each Director's attendance, participation, contribution, expertise and competing time commitments, the Board (with the NC's concurrence) is of the view that none of the Directors hold a significant number of directorships and other principal commitments that may impede his/her ability to discharge his/her duties. The Board further notes that, in line with the Trustee-Manager's Policy on Multiple Directorships, none of the Directors hold five or more listed company directorships.

None of the Directors has appointed an alternate director.

The Trustee-Manager has put in place a framework for selection, appointment and re-appointment of Directors. In the process of searching for qualified persons to serve on the Board, the NC will strive for the inclusion of diverse groups and viewpoints. The NC leads the process and makes recommendations to the Board for approval. In making its recommendations, the NC will take into consideration the Board Diversity Policy, details of which are set out under "Board Composition and Guidance" on pages 44 to 47. The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review. In searching for appropriate candidates, the Board uses executive search firms and third-party institutions, like the SID, to identify a broader range of suitable candidates.

To ensure that new Directors are aware of their duties and obligations, a formal letter of appointment explaining their duties and obligations as Director is provided to every new Director upon appointment. The formal letter of appointment sets out the time commitment required of the Director and the Director's roles and responsibilities, including disclosure requirements and best practices relating to dealings in securities under applicable laws and regulations.

Newly-appointed Directors undergo a comprehensive orientation programme which includes site visits to NetLink's central offices and co-location rooms to better apprise them of NetLink's business. First-time Directors who do not have prior experience as a director of a Singapore listed company are also provided with a comprehensive briefing on the roles, duties and obligations of directors and will undergo training in the roles and responsibilities of a director of a listed issuer as prescribed under the Listing Rules.

Under the deed (i.e. the TM Shares Trust Deed) constituting Singapore NBN Trust (i.e. the TM Shares Trust), Unitholders (as beneficiaries of Singapore NBN Trust) have the right to, by ordinary resolution in accordance with the TM Shares Trust Deed, direct DBS Trustee Limited (as legal owner of the shares in the Trustee-Manager) to approve the re-election of each Director at the AGM of the Trustee-Manager. Each Director of the Trustee-Manager shall retire from office at least once every three years and for this purpose, at each AGM of the Trustee-Manager, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and shall be eligible for re-election at that AGM (the Directors so to retire being those longest in office). The CEO, as a Director, is subject to the same retirement by rotation.

Annually, the Company Secretary will inform the NC which Directors are due for retirement at the AGM. The NC will then review the composition of the Board and decide whether to recommend to the Board the re-election of these retiring Directors, after taking into account factors such as their attendance, participation, contribution, expertise and competing time commitments. At the upcoming AGM, the following Directors will be retiring by rotation and they have offered themselves for re-election:

a. Mr Chaly Mah Chee Kheong;
b. Mr William Woo Siew Wing; and
c. Mr Tong Yew Heng

The NC recommends the re-election of these Directors to the Board for approval having regard to the Directors' contribution and performance, with reference to the results of the assessment of the performance of the individual Director.

In addition, pursuant to Article 89 of the Constitution of the Trustee-Manager, a Director appointed by the Board to fill a casual vacancy or appointed as an additional Director may only hold office until the next AGM, at which he will be eligible for re-election by Unitholders. As Mr Quah Kung Yang was appointed by the Board of Directors on 3 November 2022, he will retire at the upcoming AGM. Mr Quah has offered himself for re-election at the upcoming AGM.

As the Trustee-Manager is a Designated Telecommunication Licensee, approval from IMDA is required for the change in appointment of its Chairman, Directors and CEO.

All key information on the Directors, including listed company directorships and principal commitments, are set out under "Board of Directors" on pages 28 to 35. Information relating to the Directors who are retiring and offering themselves for re-election at the upcoming AGM are as set out in Appendix 7.4.1 of the Listing Rules, and can be found in the "Additional Information on Directors seeking re-election" on pages 22 to 28 of the Report of Singapore NBN Trust for FY2023.

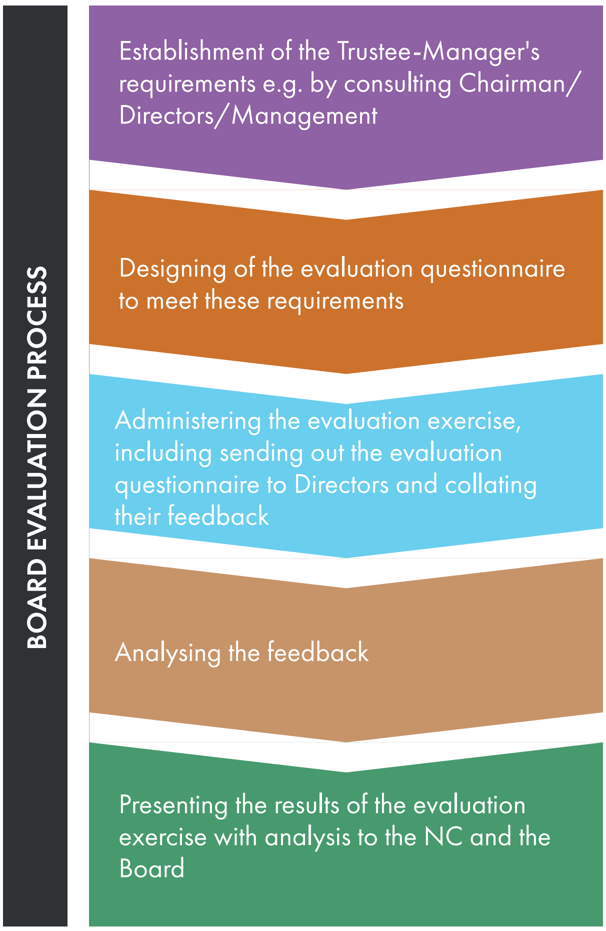
## BOARD PERFORMANCE

**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 in place a process carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees and each individual Director. Directors' self and peer evaluation are carried out for individual Directors to assess each Director's contribution to the Board.

To ensure that these assessments are conducted fairly, the Board has appointed an external facilitator, Aon, to conduct the evaluation. Save for Aon's appointment as the external facilitator to conduct the Board evaluation and as consultant to advise on remuneration matters, Aon does not have any other existing relationships with the Trustee-Manager or any of the Directors. The Board believes that the use of an external facilitator promotes objectivity, neutrality and confidentiality. The external facilitator has also provided a more detailed and in-depth assessment including benchmarking the results with industry standards.

The evaluation process is illustrated below:




The evaluation focuses on areas such as Board Composition, Information Management, Board Processes, ESG Factors, Managing Company's Performance, CEO Development and Succession Planning, Director Development and Management, and Risk Management. Objective performance criteria, which allow benchmarking with industry peers, have been set for such evaluation. In FY2023, the Board received affirmative ratings across all major evaluation criteria and in overall perception compares favourably with the boards of the Trustee-Manager's peer companies.

Through self and peer feedback mechanisms, each Director is evaluated on attributes such as contribution, knowledge and abilities, and teamwork. Upon completion of the evaluation exercise, each Director receives a copy of the ratings on his or her evaluation analysis. The Chairman will then meet with each Director to obtain and/or provide feedback on the Board evaluation exercise, with a view to improving the overall Board performance.

## Section (B): Remuneration Matters

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

**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.**

The RC comprises three Directors, all of whom are non-executive and independent Directors, namely:

| | |
|---|---|
| Mr Chaly Mah Chee Kheong | Chairman |
| Ms Ku Xian Hong | Member |
| Mr Yeo Wico | Member |

The terms of reference of the RC provides that the RC shall comprise at least three non-executive Directors, the majority of whom shall be independent (including being independent from management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager).

The RC's responsibilities include, but are not limited to, the following:

a. reviewing and recommending to the Board, in consultation with the Chairman of the Board (where applicable), a general framework of remuneration for the Board and key management personnel, and specific remuneration packages for each Director and key management personnel, for endorsement by the Board;
b. reviewing the obligations of NetLink NBN Group arising in the event of the termination of the service contracts of executive Directors and key management personnel, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous; and
c. administering and approving awards under the Long-Term Incentive Plan (please refer to "Long-Term Incentive Component" under "CEO/ Executive Director and Key Management Personnel Remuneration" on pages 51 to 52) and/or other long-term incentive schemes to Directors and/or senior executives of NetLink NBN Group).

The Director of Human Resource assists the RC in the execution of its functions, and makes reference to market surveys and information where relevant. The RC ensures that in the event of such advice being sought, existing relationships, if any, between NetLink NBN Group and its appointed consultants will not affect the independence and objectivity of the remuneration consultants. For FY2023, Aon was engaged as the consultant to advise on Directors and Senior Management remuneration matters. Save for Aon's appointment as the external facilitator to conduct the Board evaluation and as consultant to advise on remuneration matters, Aon does not have any other existing relationships with NetLink NBN Group.

### LEVEL AND MIX OF 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.**

The RC establishes remuneration policies that are in line with NetLink NBN Group's business strategies and risk policies as well as long-term interests of NetLink NBN Group and the Unitholders, with a view to ensuring remuneration packages are sufficiently competitive to attract, retain and motivate Directors and key management personnel of the appropriate experience and expertise. In its deliberations, the RC will take into consideration industry practices and benchmarks against relevant industry players to ensure that its remuneration and employment conditions are competitive.

The framework for determining Directors' fees is set out under "Disclosure on Remuneration" on page 53. Directors' fees are wholly paid out in cash. Nevertheless, Directors are encouraged to hold NetLink NBN Trust units so as to better align the interests of Directors with the interests of Unitholders.

The framework for determining the remuneration of the key management personnel is described in the paragraphs below. Remuneration packages comprise fixed components and variable components, including short-term and long-term incentive components, and are structured around measured key performance indicators.

### CEO/EXECUTIVE DIRECTOR AND KEY MANAGEMENT PERSONNEL REMUNERATION

The RC seeks to ensure that the level and mix of remuneration for the CEO and key management personnel are competitive, aligned with Unitholders' interests and promote NetLink NBN Group's long-term success.

The letters of appointment of the CEO and the CFO provide that the incentive components of their remuneration may be reclaimed in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to NetLink.

During FY2023, there was no termination, retirement or post-employment benefits granted to the Directors, the CEO and key management personnel. None of NetLink NBN Group's employees is an immediate family member of any Director or the CEO.

Remuneration for the CEO and key management personnel comprises a fixed component, variable cash component, long-term incentive component and market-related benefits:

### A. Fixed Component

The fixed component comprises the base salary and fixed allowances.

### B. Variable Cash Component

The variable cash component is given in the form of an Annual Variable Bonus ("**AVB**"). This AVB is a cash-based incentive for the CEO and key management personnel, which is linked to the achievement of annual performance targets.

Corporate and individual performance objectives are set at the beginning of each financial year. The objectives are aligned to NetLink's overall strategic, financial, operational and sustainability-linked goals, and are cascaded down to a select group of key management personnel using scorecards, creating alignment between the performance of NetLink and the individual. While the performance objectives are different for each executive, they are assessed on the same principles across five broad categories of targets, namely Financial and Operational Performance; People; Projects and Processes; Stakeholders; and Strategic.

The target AVB for the CEO and key management personnel is pre-set at a fixed percentage of their annual base salary, and is adjusted based on the achievement of the corporate and individual targets at the end of each financial year. The final AVB pay-out can range from 0 to 1.5 times of the target pay-out for the CEO and the CFO, and range from 0 to 2 times of the target pay-out for other key management personnel.

### C. Long-Term Incentive Component

The NetLink Trust Long-Term Incentive Plan ("**Plan**") is an incentive plan first established in April 2017 with the objective of rewarding and retaining key executives for driving long-term business performance that is aligned with Unitholders' interest. Under the Plan, the performance conditions are set over a three-year performance period and are based on operating cash flow[2], return on total assets and absolute total unitholder return. The target award for eligible roles is set as a multiple of monthly base salary and the magnitude is determined using market benchmark on total compensation.

The awards are granted on a contingent basis, and the awards will be determined and fully vest at the end of a three-year performance period (beginning on 1 April immediately preceding the date of grant), based on performance against the measures identified above, with a minimum threshold performance being specified in respect of each performance measure and with superior performance in respect of each performance measure allowing for a maximum final award of up to 1.5 times of the contingent award.

The awards are paid out in cash in full upon vesting. In this regard, the awards which are granted will be notionally converted into a number of Units based on the volume weighted average unit price over a 12-month period ending March[3] of the year in which the awards are granted, and such notional number of Units, multiplied by the achievement factor of 0 to 1.5 times depending on the performance achieved against the measures identified above, will then be converted into and paid out in cash based on the volume weighted average unit price over a 12-month period ending March[3] of the year at the end of the three-year performance period.

To the extent that any awards are granted to the CEO and the CFO, such awardee is required, within one year following the vesting of the relevant awards (subject to the awardee still being in NetLink's employment), to accumulate a minimum unitholding in NetLink NBN Trust equal to such person's prevailing annual base salary at the time of vesting of the awards. This obligation to accumulate a minimum unitholding does not apply to other participants in the Plan.

### D. Market-related Benefits

These benefits, which include club membership and flexi benefit and non-cash benefits such as medical, dental, comprehensive health screening and car-parking, are comparable with local market practices.

[2] Operating cash flow replaces free cash flow as one of the performance conditions with effect from FY2023 onwards.

[3] This applies to awards from June 2022 onwards. Prior years' awards were notionally converted into a number of Units based on the average daily closing unit price from January to March of the year in which the awards were granted, and depending on the performance achieved against the measure identified above, converted into and paid out in cash based on the average daily closing unit price of the Units in the three-month period immediately prior to the end of the three-year performance period.

## DISCLOSURE ON REMUNERATION

**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 remuneration framework is based on policies which are aligned with Unitholders' interests to support NetLink's business with the aim of retaining key capabilities, provide sound and structure funding of remuneration in ensuring affordability and sustainable value creation. Competitive remuneration packages are offered to attract and retain experienced individuals. The remuneration policies, the procedures for setting remuneration and the relationships between remuneration, performance and value creation are described in Principle 7 above.

**Non-Executive Directors' Remuneration**

For FY2023, the framework for determining the Directors' fees is set out below. This framework was adopted first in FY2020 after the Board commissioned Aon in October 2018 to review the remuneration framework for non-executive Directors to ensure that Director remuneration is market benchmarked. In FY2023, Aon was commissioned to conduct a review of the remuneration framework for Non-Executive Directors. After review, the Board agreed to maintain the Directors' fee structure for FY2024.

| Appointment | Fees per annum ($) |
|---|---|
| Board Chairman | 150,000 |
| Board Member | 75,000 |
| Audit Committee Chairman | 50,000 |
| Audit Committee Member | 30,000 |
| Risk & Regulatory Committee Chairman | 35,000 |
| Risk & Regulatory Committee Member | 20,000 |
| Nominating Committee Chairman | 20,000 |
| Nominating Committee Member | 12,000 |
| Remuneration Committee Chairman | 20,000 |
| Remuneration Committee Member | 12,000 |

The annual remuneration of Directors for FY2023 is as follows:

| Directors | Directors' Fees ($) |
|---|---|
| Chaly Mah Chee Kheong | 210,000 |
| Eric Ang Teik Lim | 117,000 |
| Koh Kah Sek | 125,000 |
| Ku Xian Hong[1] | 113,155 |
| Yeo Wico | 117,000 |
| Sean Patrick Slattery[2] [3] | 64,864 |
| William Woo Siew Wing[2] | 87,000 |
| Quah Kung Yang[2] [4] | 38,981 |
| **Total** | **873,000** |

[1] Appointed as Chairman of RRC from a Member of the RRC, on 3 November 2022
[2] Fees are paid to Director's employer company
[3] Stepped down on 3 November 2022
[4] Appointed on 3 November 2022

The CEO, Mr Tong Yew Heng, is an Executive Director and is therefore remunerated as part of senior management. He does not receive Directors' Fees.

**CEO's and Top five Key Management Personnel's Remuneration**

Following is a breakdown of the level and mix of the annual remuneration of the CEO and each of the top five key management personnel in FY2023, set out in bands of $250,000:

| NAME | FIXED[1] ($) | VARIABLE[2] ($) | CPF[3] ($) | BENEFITS[4] ($) | LTI[5] ($) | TOTAL REMUNERATION ($) |
|---|---|---|---|---|---|---|
| Tong Yew Heng | 609,024 | 667,605 | 13,950 | 5,120 | 414,736 | 1,710,435 |

| REMUNERATION BAND | FIXED[1] (%) | VARIABLE[2] (%) | CPF[3] (%) | BENEFITS[4] (%) | LTI[5] (%) | TOTAL REMUNERATION (%) |
|---|---|---|---|---|---|---|
| **Between $750,001 and $1,000,000** | | | | | | |
| Chye Hoon Pin | 46 | 26 | 1 | 1 | 26 | 100 |
| | | | | | | |
| **Between $500,001 and $750,000** | | | | | | |
| Nil | | | | | | |
| | | | | | | |
| **Between $250,001 and $500,000** | | | | | | |
| Chen Dan, Diane[6] | 36 | 62 | 1 | 1 | 0 | 100 |
| Leow Kok Liang, Danny | 65 | 19 | 5 | 1 | 10 | 100 |
| Tiong Onn Seng | 63 | 23 | 3 | 1 | 10 | 100 |
| Widjaja Suki | 65 | 18 | 5 | 2 | 10 | 100 |

Note:
(1) Fixed refers to base salary and fixed allowances for FY2023.
(2) Variable refers to cash-based incentives earned in FY2023 and paid out in June 2023.
(3) CPF refers to company statutory contributions to the Singapore Central Provident Fund in FY2023.
(4) Benefits in FY2023 are stated on the basis of direct costs and include benefits like club membership and flexi benefit and other non-cash benefits such as medical, dental, comprehensive health screening and car-parking.
(5) LTI refers to the 2020 long-term incentive plan award which has become vested. This award will be paid out in July 2023.
(6) Mr Wong Hein Jee, Lester stepped down as CFO on 30 November 2022 and was succeeded by Ms Chen Dan, Diane who was appointed CFO from 1 December 2022. Ms Chen Dan Diane's remuneration for the period from 1 December 2022 to 31 March 2023 is in the band of $250,001 to $500,000.

Mr Tong Yew Heng was granted a long-term incentive award of $571,824 in June 2023. The award is granted on a contingent basis, and will be determined and fully vested at the end of a three-year performance period, based on performance against the performance conditions set.

The total remuneration paid to the top five senior Management personnel (who are not Directors or the CEO) in FY2023 was approximately $2,279,172.

There are no employees of NetLink NBN Group who are substantial Unitholders of the Trust or are immediate family members of the Directors or the CEO or a substantial Unitholder of the Trust, and whose remuneration exceeds $100,000 during FY2023.

The top five members of senior Management (who are not Directors or the CEO) were granted LTI awards in aggregate of $307,217 in June 2023. These awards are granted on a contingent basis and will be determined and fully vested at the end of a three-year performance period in FY2026, based on performance against the performance conditions set.

# Section (C):Accountability and Audit

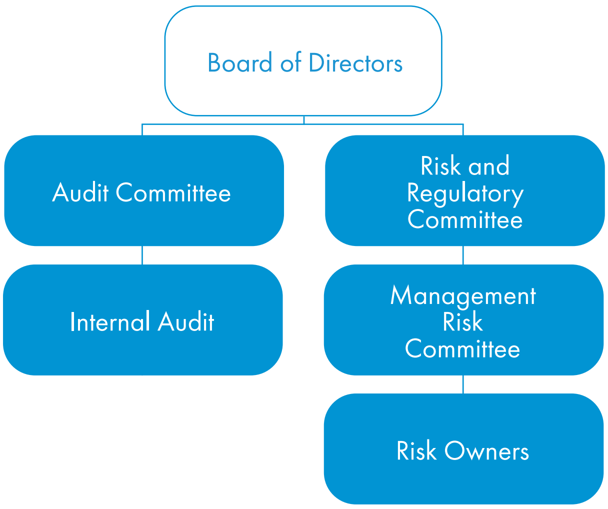
## RISK MANAGEMENT AND INTERNAL CONTROLS

**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[4].**

NetLink NBN Group aims to excel as the planner, builder, operator and long-term owner of quality infrastructure assets and provider of quality infrastructure services, adding value to its stakeholders and achieving consistent returns. The Board views risk management as a key contributing factor in achieving its objectives.

The Board oversees risk governance in NetLink NBN Group through frameworks for risk management and the implementation of internal controls. Through NetLink NBN Group's risk governance structure, and with the assistance of the RRC and the AC, the Board seeks to manage potential risks associated with the execution of its business strategies and create value for its stakeholders.

NetLink NBN Group's risk governance structure is illustrated in the table below.




The RRC comprises three Directors, the majority of whom are non-executive and independent Directors, namely:

| | |
|---|---|
| Ms Ku Xian Hong | Chairman |
| Mr Chaly Mah Chee Kheong | Member |
| Mr Quah Kung Yang | Member |

The terms of reference of the RRC provides that the RRC shall comprise at least three Directors, the majority of whom are non-executive and independent (including being independent from Management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager).

The RRC's responsibilities include, but are not limited to, the following:

a. providing oversight and reviewing the adequacy and effectiveness of the risk management system and system of internal controls of NetLink NBN Group, and reviewing NetLink NBN Group's overall risk assessment processes, policies and guidelines that inform the Board's decision-making;
b. advising the Board on NetLink NBN Group's overall risk tolerance and strategy;
c. reviewing the risk management processes and activities of NetLink NBN Group to mitigate and manage risk at acceptable levels determined by the Board;
d. keeping under review the effectiveness of NetLink NBN Group's internal controls and risk management systems and reviewing and approving the statements to be included in the annual report of NetLink NBN Trust concerning the effectiveness of NetLink NBN Group's internal control and risk management systems;
e. reviewing the Trust's compliance with regulatory obligations imposed by IMDA, particularly in respect of:
    i. the control and ownership restrictions set out in the Facilities-Based Operations ("**FBO**") licence granted to the Trustee-Manager by IMDA;
    ii. the Capex Reserve Requirement[5]; and
    iii. the restrictions on services offered by the Trust as set out in the FBO licence granted to the Trustee-Manager by IMDA; and
f. providing guidance and recommendations to the Board on strategic regulatory matters.

[4] Rule 610(5) and Rule 719(1) of the Listing Rules require the Board to comment on the adequacy and effectiveness of the company's internal controls and risk management systems, and the AC's concurrence with the Board's comments. Where either the Board or the AC comments that the issuer's group's internal controls or risk management systems have weaknesses, the issuer must provide clear disclosure on the weaknesses and the steps taken to address them.

[5] "Capex Reserve Requirement" is the requirement for NetLink Trust to set aside monies each year for at least 20% of capital expenditure reserve fund ("**Capex Reserve**"), which cumulates to $40.0 million over the five-year period from 1 January 2018 to 31 December 2022, to meet regulatory requirements from IMDA for any new network infrastructure projects that improve the capacity, technology, capability, or resilience of NetLink Trust's network infrastructure. As at 31 March 2023, NetLink Trust had set aside $40.0 million for Capex Reserve (cumulatively from January 2018 to December 2022), of which approximately $38.3 million were utilised to improve network resiliency and expand capacity.

Each member of the RRC abstains from voting on any resolutions in respect of the matter in which he has an interest.

The RRC, under its terms of reference, has the responsibility to, among others, provide oversight and review the adequacy and effectiveness of the risk management system. While the overall supervision of risk management rests with the RRC, the AC is involved in monitoring Management's efforts in managing financial and financial reporting-related risks, and internal controls, and liaises closely with the RRC. Information is shared on a regular basis between the AC and the RRC.

The RRC is supported by a Management Risk Committee ("**MRC**") comprising management executives which reviews the effectiveness of the risk management processes on a regular basis and reports any substantial findings of risks or non-compliance to the RRC. The CEO chairs the MRC.

NetLink has implemented an Enterprise Risk Management ("**ERM**") framework based on ISO 31000: 2018 (Risk Management Guidelines) with the aim of pursuing a systematic and structured approach towards the effective management of risk that will promote a more stable and informed environment for NetLink to meet its intended objectives.

The MRC is accountable to the RRC and the Board for the effectiveness of the ERM framework, policies and resources employed to identify, manage and report risks relating to NetLink's activities.

Significant risks facing NetLink are identified and assigned to relevant risk owners. The risk owners will perform an assessment on the potential impact and likelihood of those risks occurring, and seek inputs from control owners on the adequacy of NetLink's internal controls and the action plans taken to mitigate such risks. This assessment will be documented in NetLink's risk register and updated at least on an annual basis. Risks are then categorised into Tier 1 and Tier 2 risks based on likelihood of occurrence and impact, which will be further deliberated by the MRC and the RRC.

To enhance risk monitoring, key risk indicators ("**KRIs**") and the thresholds are developed and monitored. Regular reports on KRI trending and risk heat-map are submitted to MRC and RRC for discussion and review of action plans.

More information on NetLink's ERM framework can be found under "Enterprise Risk Management" on pages 66 to 71.

Various policies have been developed to ensure sound governance with transparent and ethical business practices, including the whistle-blowing policy. Information on other policies can be found on pages 64 to 65.

## WHISTLE-BLOWING POLICY

NetLink NBN Group adopts a zero-tolerance policy against ethical and legal violations. Consistent with this commitment and to maintain a high standard of integrity in its business conduct, NetLink NBN Group has put in place a whistle-blowing policy. The policy and the related procedures provide NetLink NBN Group's employees and parties who have dealings with NetLink NBN Group with well-defined, accessible, and trusted channels to report to the Company any suspected fraud, corruption, dishonest practices, misconduct, wrongdoing and/or other improprieties relating to NetLink NBN Group and its Officers and provide for the independent investigation of any reported incidents and appropriate follow-up actions. The objective of the policy is to encourage the reporting of such matters – by ensuring that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the extent possible, be protected from reprisal and detrimental or unfair treatment. The policy provides that the identity of the whistle-blower will be kept confidential, unless disclosure is required by law. It further provides that NetLink NBN Group will not tolerate the harassment or victimisation of anyone reporting a genuine concern and that it will ensure the protection of whistle-blowers who have acted in good faith against reprisal and detrimental or unfair treatment.

The AC is responsible for oversight and monitoring of whistle-blowing. The policy identifies those authorised to receive complaints, including a whistle-blower hotline service independently managed by an external service provider. These channels have been made available with details published on NetLink's website (**https://www.netlinknbn.com/corporate_governance.html**). All whistle-blower complaints are investigated independently and overseen by the AC. Investigations are performed by independent, appropriately skilled, and knowledgeable persons and the outcome of each investigation is reported to the AC. The AC reviews all whistle-blowing complaints at its quarterly meetings and where required, appropriate follow-up actions are taken.

The whistle-blowing policy is publicly disclosed on NetLink NBN Group's website and made available to all employees on NetLink's intranet. Further, as part of NetLink NBN Group's efforts to promote strong ethical values and fraud and control awareness, the whistle-blowing policy, including the procedures for raising concerns, is covered and explained during staff training and periodic communication to all staff, as part of NetLink NBN Group's efforts to promote strong ethical values, and fraud and control awareness.

In terms of internal controls, the internal auditors conduct reviews on the adequacy and effectiveness of NetLink NBN Group's internal controls and report any material non-compliances or weaknesses in internal controls to the AC for review. The AC also reviews the adequacy and effectiveness of the measures taken by Management on recommendations made by the internal and external auditors to rectify such non-compliances and weaknesses.

The Board has received assurance from:

a. the CEO and the CFO (collectively "**C-Suite**") that NetLink's financial records have been properly maintained and the financial statements for the year under review give a true and fair view of NetLink's operations and finances; and
b. the CEO and the CFO that the system of risk management and internal controls in place within NetLink NBN Group is adequate and effective in addressing the risks which NetLink NBN Group considers relevant and material to its business operations.

The C-Suite have obtained similar assurances from the heads of operational and corporate departments in NetLink NBN Group on the risk management and internal control systems within their respective scope, to support their assurance statement to the Board.

Based on:

a. the system of risk management and internal controls established and maintained by NetLink NBN Group as described above;
b. assurances from the C-Suite together with regular reviews performed by Management; and
c. work performed by the internal and external auditors,

the Board, with the concurrence of the AC and the RRC, is of the opinion that NetLink NBN Group's system of risk management and internal controls were adequate and effective as at 31 March 2023 to address the risks (including financial, operational, compliance and information technology risks), which NetLink NBN Group considers relevant and material to its operations.

The Board notes that NetLink NBN Group's risk management and internal controls provide reasonable, but not absolute, assurance that NetLink NBN Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that there is no risk management system and internal controls that could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud, or other irregularities.

## AUDIT COMMITTEE

**Principle 10: The Board has an AC[6] which discharges its duties objectively.**

The Audit Committee is required to comprise at least three members:

- all of whom are independent from management and business relationships with the Trustee-Manager; and
- at least a majority of whom, including the Chairman of the AC, are independent from management and business relationships with the Trustee-Manager and independent from every substantial shareholder of the Trustee-Manager.

The members of the AC are:

| | |
|---|---|
| Ms Koh Kah Sek | Chairman |
| Mr Eric Ang Teik Lim | Member |
| Mr Yeo Wico | Member |

All AC members are independent Directors. None of the AC members were former partners or directors of the Trustee-Manager's external auditor within the last two years or hold any financial interest in the external auditor.

The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the AC's functions given their experience as directors and/or senior management/ partners in the accounting, financial and legal sectors.

The role of the AC is to develop, maintain and monitor an effective system of internal controls. The AC also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of an external auditor and reviewing the adequacy of internal and external audits in respect of cost, scope and performance.

The AC's responsibilities also include, but are not limited to, the following:

a. reviewing the quality and reliability of information prepared for inclusion in NetLink NBN Trust's financial reports;
b. reviewing NetLink NBN Trust's consolidated financial statements, as well as the assurances from the CEO and the CFO on the financial records and financial statements, and any announcements relating to NetLink NBN Trust's financial performance prior to submission to the Board;
c. reviewing with the auditors of NetLink NBN Trust:
    i. the audit plan of NetLink NBN Trust;
    ii. the auditor's audit report for NetLink NBN Trust;
    iii. the auditor's management letter and management's response;
    iv. the assistance given by the officers of the Trustee-Manager to the auditors of NetLink NBN Trust;
    v. the scope and results of the internal audit procedures implemented by the Trustee-Manager;
    vi. the policies and practices put in place by the Trustee-Manager to ensure compliance with the BTA and the Trust Deed; and
    vii. the internal guidelines and procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of the Unitholders and the interests of the Trustee-Manager, including interested person transactions (to determine if such guidelines and procedures put in place are sufficient to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the Trust and the minority Unitholders), the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the Trust Property;
d. reviewing interested person transactions to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the Trust and the minority Unitholders;
e. reviewing any actual or potential conflicts of interest matters referred to the AC. This includes reviewing any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Board. Upon disclosure of an actual or potential conflict of interest by a Director, the AC will consider whether a conflict of interest does in fact exist. A Director who is a member of the AC will not participate in any proceedings of the AC in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as the AC may deem reasonably necessary. Where a conflict of interest does exist, the AC will resolve or propose, where appropriate, the relevant measures for the management of such conflicts;

[6] Rule 210(5)(e) of the SGX Listing Rules (Mainboard) / Rule 406(3)(e) of the SGX Listing Rules (Catalist) requires companies to establish one or more committees as may be necessary to perform the functions of an Audit Committee, a Nominating Committee and a Remuneration Committee. Each committee formed should have written terms of reference which clearly set out the authority and duties of the committee.

f. reviewing the balance sheet, and profit and loss account of the Trustee-Manager, as well as the balance sheet, profit and loss account and cash flow statement of NetLink NBN Trust submitted to it by the Trustee-Manager, and thereafter to submit them to the Board;
g. reporting to the Board:
    i. any inadequacies, deficiencies or matters of concern of which the AC becomes aware or that it suspects arising from its review of the items referred to in sub-paragraphs (b), (c), (d), (e) and (f); and
    ii. any breach of the BTA or any breach of the provisions of the Trust Deed, of which the AC becomes aware or that it suspects;
h. reporting to the Monetary Authority of Singapore ("**MAS**") if the AC is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported under sub-paragraph (g);
i. nominating a person or persons as auditor of the Trust, notwithstanding anything contained in the Trust Deed;
j. reviewing and monitoring Management's efforts in managing financial and financial reporting-related risks and internal controls;
k. reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Trustee-Manager and the Trust and any announcements relating to the Trustee-Manager's and the Trust's financial performance;
l. reviewing the policy and arrangements by which staff of the Trustee-Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective shall 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;
m. reviewing and reporting to the Board at least annually the adequacy and effectiveness of NetLink NBN Group's risk management systems and internal controls, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties;
n. monitoring and reviewing the implementation of the auditors' recommendations for internal control weaknesses (if any);
o. reviewing the adequacy, effectiveness, independence, scope and results of the external auditors;
p. reviewing all hedging policies to be implemented by NetLink;
q. determining the criteria for selection, monitoring and assessing the external auditor, and making recommendations to the Board on the appointment, re-appointment, and removal of the external auditor, as well as approving the remuneration and terms of engagement of the external auditor.
r. reviewing at least annually the independence, adequacy and effectiveness, scope and results of the internal audit function and processes, as well as ensuring that the internal auditor is adequately resourced and set up to carry out its functions; and
s. meeting with the external and internal auditors, without the presence of the executive officers, at least on an annual basis.

The AC has the authority to investigate matters within its terms of reference and has unfettered access to NetLink NBN Group's management, and internal and external auditors. AC meetings are attended by the CEO and the CFO as well as the internal and external auditors.

The AC Members are kept updated on changes to accounting standards and significant accounting matters involving the exercise of judgement. In addition, the AC is entitled to seek independent professional advice, or attend relevant seminars and/or informative talks at NetLink's expenses from time to time to apprise themselves of accounting standards and financial updates.

During FY2023, the AC reviewed the Trustee-Manager's and NetLink's financial statements and accompanying announcements before recommending them to the Board for approval. The AC discussed with Management and the external auditors the matters which involved significant judgement. The AC also met with the internal and external auditors without the presence of Management to obtain feedback on the competency and adequacy of the finance function, to review the assistance given to the internal and external auditors, and to discuss the financial reporting process and the Trustee-Manager's and NetLink's financial condition, the system of internal controls, and other significant comments and recommendations by the auditors. Where relevant, the AC makes reference to best practices and guidance for Audit Committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the ACRA.

The key audit matters reported by the external auditors and reviewed by the AC for FY2023 are set out below:

| KEY AUDIT MATTER | **Goodwill impairment review** |
| --- | --- |
| HOW THE AUDIT COMMITTEE ADDRESSED THE MATTER | The AC considered the methodology, estimates and assumptions such as WACC of 6.46% and terminal growth rate of 1.5% used in the valuation model for purpose of determining if there is any impairment of goodwill.<br><br>The AC also considered the auditor's report and findings of the external auditors on their assessment for the key assumptions driving the value-in-use calculation, in particular the discount and long-term growth rate.<br><br>The AC was satisfied that the review process and the methodology used were appropriate and disclosures in the financial statements were adequate. The external auditor has included this item as a key audit matter in the auditor's report for the financial year ended 31 March 2023. Please refer to page 129. |

The AC reviews, among others, the scope and results of the external audit, and the independence and objectivity of the external auditors. The AC considered the following matters in its review of the external auditors' performance, and when formulating its recommendation on the re-appointment of the external auditors:

- Adequacy and experience of the professional staff and audit engagement partner assigned;
- External auditors' experience in the telecommunication sector and in business trusts, including the size and the complexity of the audit;
- The quality of audit services rendered, and reports and findings presented, by the external auditors during the year;
- The Audit Quality Indicators Disclosure Framework issued by ACRA; and
- The external auditors' self-assessment, including the confirmation of its independence to the AC.

The AC has considered the performance of the external auditors and the volume of non-audit services provided by the external auditors together with the fees paid for such services. The AC is satisfied that the independence and objectivity of the external auditors have not been impaired by the provision of those services. The aggregate amount of fees paid/payable to the external auditors is $226,000 of which $175,000 pertains to annual audit services and $51,000 pertains to non-audit services (as shown in Note 9 under "Notes to the Financial Statements" on page 159). The fees for non-audit services were mainly for a limited assurance engagement on NetLink's Sustainability Report and tax services and did not exceed 50% of the total fees paid. The AC is satisfied with the independence and work of the external auditors and has recommended to the Board the re-appointment of Deloitte & Touche LLP as the external auditors of NetLink NBN Trust at the forthcoming annual general meeting.

The Board confirms that the appointment of the external auditors is in accordance with Rules 712 and 715 of the Listing Rules. The information included in this Annual Report, excluding the Financial Statements and auditor's report, was provided to the external auditors after the auditor's report date. The external auditors have completed the work in accordance with SSA 720 (Revised) The Auditor's Responsibilities Relating to Other Information, and they have noted no exception.

NetLink's external auditors prepare an audit plan on an annual basis, taking into consideration, amongst other things, the financial reporting-related risks identified by the internal auditors, and presents such audit plan to the AC for its review and concurrence. NetLink's external auditors also report to the AC on matters relating to internal financial controls that come to their attention during the course of their normal audit and provides related recommendations for improvements. The AC reviews, among others, the scope and results of the external audit, and the independence and objectivity of the external auditors.

The Trustee-Manager has an Internal Audit Department ("**IA**") that is independent of the activities it audits. The primary reporting line of IA is to the AC, which also decides on the appointment, termination and remuneration of the Director of IA. IA has unfettered access to all the records, documents, property and personnel, including access to the AC, when carrying out the internal audit reviews and has appropriate standing within NetLink NBN Group.The AC reviews, among others, the independence, the role and effectiveness of IA and the AC may make recommendations for any changes to IA's processes, approach and focus areas. The AC also performs reviews to ensure that IA is adequately resourced and skilled, in line with the nature, size and complexity of the business, and to confirm that IA is able to properly function as internal auditors of NetLink NBN Group.

IA adopts a risk-based approach in formulating the annual audit plan that aligns its activities to the key strategies and risks across NetLink NBN Group's business. IA plans its internal audit schedules in consultation with, but independently of, Management and the plan has been designed to cover all aspects of NetLink NBN Group. The IA plan is submitted to the AC for approval prior to the beginning of each financial year. The reviews performed by IA are aimed at assisting the AC and the Board in promoting sound risk management, robust internal controls, and good corporate governance, through assessing the design and operating effectiveness of controls that govern key business processes and risks identified in the overall risk framework of NetLink NBN Group. IA's reviews also focus on compliance with NetLink NBN Group's policies, procedures, and regulatory responsibilities. IA reviews and incorporates Data Analytics to enhance the timeliness, depth and breadth of assessments performed. On a quarterly basis, IA reports are submitted to the AC for discussion. In particular, IA will update the AC on the progress in executing the IA plan and any major internal control gaps and lapses. The AC will also monitor the timely and proper implementation of the required corrective actions undertaken by Management.

IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by the Institute of Internal Auditors and has incorporated these Standards into its audit practices. IA is resourced and staffed with persons having the relevant qualifications (Chartered Accountancy and Certified Internal Auditor) and internal audit experience. For areas requiring additional technical assistance, IA will engage the relevant technical experts to assist with the performance of these reviews.

Based on the above, the AC is satisfied that the internal audit function is independent, effective, and adequately resourced.

The AC is kept apprised by Management and through presentations by the auditors of changes in financial reporting standards and issues which have a direct impact on financial statements.

# Section (D): Shareholder Rights and Engagement

## SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

**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.**

The Trustee-Manager is committed to treating all of NetLink NBN Trust's Unitholders fairly and equitably and to facilitate the exercise of Unitholders' rights. All Unitholders enjoy specific rights under the Trust Deed, the Trustee-Manager's Constitution and the relevant laws and regulations, including the right to attend and vote at general meetings.

DBS Trustee Limited (as share trustee of Singapore NBN Trust) holds the shares of the Trustee-Manager on trust for the benefit of the beneficiaries of Singapore NBN Trust (being the Unitholders) pari passu, each of whom has an undivided interest in the Trustee-Manager in proportion to their respective percentage of units held or owned by each of them in the Trust. The TM Shares Trust Deed provides that the Trustee-Manager agrees and undertakes to call and hold meetings and proceedings of the beneficiaries of Singapore NBN Trust for the purposes of the TM Shares Trust Deed in accordance with the Trust Deed. The TM Shares Trust Deed also provides that all rights of voting conferred by the shares in the Trustee-Manager shall be exercised by the Share Trustee in accordance with the relevant resolutions passed by the Unitholders. Accordingly, in addition to the AGM of the Trust held each year, an AGM of the TM Shares Trust is also held each year as immediately after the AGM of the Trust.

The Trustee-Manager welcomes Unitholders' participation at NetLink NBN Trust's AGMs, the AGMs of the TM Shares Trust, and any Extraordinary General Meetings ("**EGM**"). The Board and senior Management attends all general meetings to address Unitholders' queries. Unitholders will be given opportunity to communicate their views on various matters concerning NetLink.

The AGM on 20 July 2022 was held via 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 ("**COVID-19 Temporary Measures Order**"). The Notice of AGM was sent to Unitholders by electronic means via publication on NetLink NBN Trust's website. It was also released via SGXNET and made available on the SGX website. The Notice of AGM sets out, *inter alia*, the alternative arrangements relating to attendance at the AGM via electronic means. The AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream. Unitholders can submit questions either in advance of the AGM or "live" at the AGM through the "live" chat function via the audio-visual platform. They can also vote "live" by themselves or via their duly appointed proxy(ies) or corporate representative(s) via electronic means. The Board's responses to Unitholders' questions submitted in advance were posted on SGXNET as well as on NetLink NBN Trust's website before the AGM, on 14 July 2022.

Similarly, the NetLink NBN Trust Annual Report 2022 was made available to Unitholders on SGXNET and NetLink NBN Trust's website. Unitholders who wish to receive a physical copy of the Annual Report 2022 and ancillary documents can submit their request at the Investor Relations website.

All Directors and the external auditors of NetLink and the Trustee Manager attended the AGMs on 20 July 2022 via electronic means. No other Unitholders' meeting was held during the financial year under review.

With the improving COVID-19 situation in Singapore, the AGM on 19 July 2023 will be held in a wholly physical format and there will be no option for Unitholders to participate virtually.

The Trustee-Manager will notify Unitholders when NetLink NBN Trust's annual report and notice of AGM have been published on NetLink NBN Trust's website and also released via SGXNET and made available on the SGX website. Unitholders who wish to receive a physical copy of NetLink NBN Trust's Annual Report and ancillary documents can submit their request to the Trustee-Manager via the request form. The request form will be mailed to Unitholders together with the AGM Notice.

For EGMs, the Trustee-Manager will similarly notify Unitholders when the notice of EGM and the circular (which contain details of the matters to be proposed for Unitholders' consideration and approval) have been published on NetLink NBN Trust's website and also released via SGXNET and made available on the SGX website. Unitholders who wish to receive a physical copy of the circular can submit their request via the request form. The request form will be mailed to Unitholders together with the EGM Notice.

At AGMs, the CEO will make a presentation to Unitholders on NetLink's business performance and its prospects, going forward. The presentation materials will be posted on SGXNET and NetLink NBN Trust's corporate website.

At Unitholders' meetings, each resolution proposed will be voted on by way of electronic poll voting for Unitholders/ proxies present at the meetings. The detailed results showing the number of votes cast for and against each resolution, and the respective percentages, will be tallied and displayed on screen to Unitholders immediately after each poll is conducted at the Unitholders' meeting. The results of the poll of each Unitholders' meeting will also be announced in a timely manner after the Unitholders' meeting via SGXNET.

Unitholders may appoint up to two proxies to attend and vote on their behalf if they are unable to attend in person, and corporate Unitholders may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM/EGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual, in accordance with the Trust Deed. Unitholders who are Relevant Intermediaries (as defined in the Companies Act 1967) may appoint more than two proxies at a meeting of Unitholders, such that indirect investors may be appointed as proxies to participate in Unitholders' meetings. Details on the appointment of proxies are contained in the proxy forms which will be despatched to Unitholders together with the notice of AGM/EGM.

Resolutions submitted at the AGM are separate and not bundled or made inter-conditional on each other, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled, the Trustee-Manager will explain the reasons and material implications. The tabling of separate resolutions gives Unitholders the right to express their views and exercise their voting rights on each resolution separately. Information is also provided on each resolution to enable Unitholders to exercise their vote on an informed basis. Such information includes the Directors' fees framework for the resolution on the payment of Directors' fees, and the background and board committee positions of the relevant Directors for the resolutions on the re-election of Directors.

The Trustee-Manager does not intend to adopt absentia voting methods (e.g. via mail, email or fax) for NetLink NBN Trust and Singapore NBN Trust until issues such as the authentication of unitholder identity and other related security and integrity of such information can be resolved. Notwithstanding the foregoing, as Unitholders may appoint proxies to attend and vote on their behalf as further mentioned above, the Board is of the view that Unitholders will still be able to participate effectively in and vote at the general meetings even in the absence of absentia voting.

Minutes of NetLink NBN Trust's and Singapore NBN Trust's AGM/EGM are posted on the Trust's website as soon as practicable. Substantial and relevant comments or queries from Unitholders relating to the meetings, and responses from the Board and Management, are recorded in the minutes. The Trustee-Manager also ensures that all material information relating to NetLink NBN Group is disclosed in an accurate and timely manner through publication on SGXNET and is made available to everyone, including Unitholders. In accordance with the COVID-19 Temporary Measures Order, the Minutes of the NetLink NBN Trust's and the Singapore NBN Trust's AGM in 2022 were published on SGXNET and posted on the Trust's website within one month after the AGMs were held. The said Minutes include the questions submitted by Unitholders and the responses to these questions.

NetLink NBN Trust's distribution policy is to distribute 100% of its cash available for distribution, which includes distribution received from its wholly-owned subsidiary, NetLink Trust. NetLink Trust distribution policy is to distribute at least 90% of its distributable income to NetLink NBN Trust, after setting aside reserves and provisions for, amongst other things, future capital expenditure (including the funding of a capital expenditure reserve fund pursuant to regulatory requirements), debt repayment and working capital as may be required. Distributions by NetLink NBN Trust and NetLink Trust will be made on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the six-month period ending on each of the said dates.

## ENGAGEMENT WITH SHAREHOLDERS

**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.**

The Trustee-Manager is committed to keeping Unitholders and the public fully informed of information that may have a material effect on the price or value of NetLink NBN Trust's units through timely disclosure of information to the SGX-ST via the SGXNET, to assist investors in their investment decisions. The Trustee-Manager has in place a policy on announcements which governs the timely and accurate disclosure of announcements via SGXNET.

The Trustee-Manager actively engages its stakeholders (including Unitholders, fund managers, analysts, and the media) through its Investor Relations ("**IR**") department, which has a dedicated IR policy to promote regular, effective and fair communication with its Unitholders. The IR policy is committed to a two-way process to allow the Trustee-Manager to explain NetLink's business as well as to gather feedback. The IR policy sets out the communication tools and practices adopted by the Trustee-Manager, including the protocol for email and phone replies to investor queries.

The IR team conducts roadshows together with senior Management and participates in one-on-one investor meetings, investor seminars and conferences, which may be virtual or in person, to keep the market and investors apprised of its financial performance and corporate development. The aim of such meetings is to provide investors with prompt disclosure of relevant information, provide a better understanding of NetLink's operations and financial performance, and to enable investors to make informed investment decisions, as well as to solicit and understand the views of Unitholders. Management makes available all of its briefing materials to the SGX-ST through SGXNET and via NetLink NBN Trust's corporate website at **www.netlinknbn.com**.

Investors can also contact the IR team by email at investor@netlinknbn.com. This email address is published on NetLink NBN Trust's corporate website. Further details of the IR activities during FY2023 can be found under "Investor Relations" on pages 72 to 73.

## MANAGING STAKEHOLDERS RELATIONSHIPS

**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.**

NetLink NBN Group takes a strategic and pragmatic approach in managing stakeholders' expectations to support its long-term strategy. Sustainability governance structure and framework were put in place to identify, engage with, and manage material environment, social and governance topics which are important to stakeholders and to NetLink NBN Group.

The following corporate websites are maintained to communicate and engage with stakeholders:

- www.netlinknbn.com
- www.netlinktrust.com

More information on NetLink NBN Group's material stakeholders, sustainability efforts (including its strategy and key areas of focus), and performance can be found under "Sustainability Report" on pages 76 to 123.

# Additional Information

## DEALING IN SECURITIES

NetLink NBN Group has adopted an internal compliance Code of Best Practices on Securities Dealings ("**Code**") to provide guidance to NetLink NBN Group, its Directors and employees ("**Officers**") on dealing in securities of NetLink NBN Trust. In line with the Singapore Exchange Securities Trading Limited's guide on prevention of insider dealing, "*Handling of Confidential Information and Dealings in Securities*", the Code:

a. elaborates on prohibitions under the Securities and Futures Act 2001 and the Singapore Exchange Securities Trading Limited Listing Rules; and
b. stresses the importance of prohibitions against insider trading and market misconduct, and the potential civil and criminal sanctions which could result from breach of obligations.

In accordance with the Code, NetLink NBN Group and its Officers are prohibited from dealing in NetLink NBN Trust's securities during the period commencing (a) two weeks before the announcement of NetLink NBN Trust's business updates for the first and third quarter of the financial year; and (b) one month before the announcement of NetLink NBN Trust's half year and full year financial results, and ending on the date of the announcement of the relevant business updates or financial results ("**black-out period**"). In exceptional circumstances when Officers wish to deal in NetLink NBN Trust's securities (especially during a black-out period), they must obtain prior written approval of the Board, the Chairman, or the CEO, as the case may be. A full explanation of the exceptional circumstances and proposed dealing must be given before any such request will be considered. Quarterly notices are issued to Officers to, among other things:

a. remind them that it is an offence to deal in NetLink NBN Trust's securities, as well as securities of other listed issuers, while in possession of unpublished price-sensitive information; and
b. inform them on the start of each blackout period.

As and when appropriate, Officers will be issued advisories to refrain from dealing in NetLink NBN Trust's securities.

Officers are required to confirm annually that they have complied with the Code and quarterly notices are issued to Officers informing them not to deal in NetLink NBN Trust's securities during a black-out period. The Code also discourages dealings on short-term considerations and cautions that it is an offence to deal in NetLink NBN Trust's securities (as well as securities of other listed issuers) while in possession of unpublished price-sensitive information.

In addition, Directors are required to report to the Company Secretaries within two business days whenever they deal in NetLink NBN Trust's securities and the latter will make the necessary announcements in accordance with the requirements of SGX-ST.

## MATERIAL CONTRACTS AND INTERESTED PERSON TRANSACTIONS

There are no material contracts entered into by NetLink NBN Trust or any of its subsidiaries involving the interests of the CEO, any Director, any controlling shareholder of the Trustee Manager, either subsisting or entered into for FY2023, other than:

a. contracts as disclosed on pages 238 to 242 of the IPO Prospectus (www.netlinknbn.com/ipo.html); and
b. interested person transactions as disclosed on page 192 of this Annual Report.

## POLICIES

The Trustee-Manager has developed and implemented various policies to ensure proper governance.

### Employee Code of Conduct Policy

NetLink NBN Group has in place an Employee Code of Conduct Policy which sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity.

Employees must comply with NetLink NBN Group's reporting and disclosure requirements of potential or actual conflicts of interest, and are prohibited from engaging in situations which could result in conflicts of interest.

### Anti-Bribery and Corruption Policy

The Anti-Bribery and Corruption Policy further reinforces NetLink NBN Group's commitment to maintain high ethical standards. NetLink NBN Group adopts a "zero tolerance" position to bribery and corruption and the policy sets out the responsibilities of NetLink NBN Group and its employees in observing and upholding this position.

### Gift, Prize, Entertainment and Hospitality Policy

Though business gifts, prizes, entertainment and hospitality on a modest scale are commonly used to build goodwill and strengthen working relationships among business associates, NetLink prohibits its employees from accepting gifts from customers, existing and/or potential, business partners, suppliers, contractors, competitors or members of the public that could create a situation of conflict or potential conflict of interest. Employees are responsible to abide by the policy to make the right decisions when providing or accepting gifts (including lucky draw prizes), entertainment or hospitality while conducting business on behalf of NetLink NBN Group.

### Supplier Code of Conduct

NetLink NBN Group also has in place a Supplier Code of Conduct which sets out the minimum standards that Suppliers need to comply with. Amongst others, Suppliers are expected to act ethically and comply with all relevant laws and regulations in their business operations.

### Human Rights Policy

NetLink NBN Group understands the importance and impact of human rights on its business, the communities in which it operates, and society at large. NetLink NBN Group believes that respecting human rights is key to the sustainable operation and growth of our business. Through the provision of an environment that is free of discrimination and harassment, where all individuals are treated with respect and dignity, NetLink NBN Group creates equal opportunities for all to contribute fully. NetLink NBN Group's commitment to human rights is enshrined in a culture of respect, trust, and inclusion within its organisation and across its supply chain. In doing so, NetLink NBN Group is guided by the United Nations Universal Declaration of Human Rights and related covenants, and the International Labour Organisation's core conventions.

### Health, Safety, Security and Environment Policy

NetLink NBN Group is committed to ensuring that all its business activities are conducted safely in a secured workplace, the health of its employees, contractors, customers, and the public are protected, and the environmental impact resulting from its activities, are within national standards. NetLink NBN Group establishes, implements, and maintains an effective occupational health and safety management programme that is certified to the ISO 45001: 2018 standard to uphold the well-being of all its employees and stakeholders, and comply with statutory and regulatory requirements. Employees are to observe all safe work procedures in carrying out their work and report any potential unsafe and unhealthy situations.

### Information Security Policy

Given that NetLink NBN Group's computer and information systems underpin most of the Group's business operations activities, and with intensifying cybersecurity threats, NetLink is cognisant of the imperative to protect the security of its information and information systems against breaches of confidentiality, failures of integrity or interruptions to the availability of the information it manages, and to ensure appropriate legal, regulatory, and contractual compliance. To this end, the Information Security Policy and its technical and security related policies, personal data protection policy, risk mitigation strategies, cyber security programmes, systems, processes, and controls have been put in place to guide NetLink NBN Group and its employees in appropriate management of data to ensure its protection, security, and privacy.

### Creditors Payment Policy

NetLink NBN Group values its suppliers and is committed to safeguarding creditors' rights and acknowledges the importance of paying invoices, in a timely manner. It is NetLink NBN Group's practice to agree terms with suppliers when entering into contracts. NetLink NBN Group negotiates with suppliers on an individual basis and meet its obligations accordingly.

### Interested Person Transactions Policy

NetLink NBN Group is required to comply with the provisions of the Listing Rules relating to Interested Person Transactions ("**IPTs**") as well as the BTA and such other guidelines relating to IPTs as may be prescribed by relevant laws, regulations, and guidelines. In this regard, the Trustee-Manager has adopted an Interested Person Transactions Policy which sets out, *inter alia*, procedures for reviewing IPTs, to ensure that all IPTs will be undertaken on an arm's length basis and on normal commercial terms, and will not be prejudicial to the interests of NetLink NBN Trust and its minority Unitholders. The list of IPTs for the year under review can be found under "Additional Information" on page 192.

# ENTERPRISE RISK MANAGEMENT

## Our Approach

At NetLink, we strive to excel as the planner, builder, operator and long-term owner of quality infrastructure assets and provider of quality infrastructure services, adding value to our customers and achieving consistent returns.

In doing so, we seek to manage potential risks associated with the execution of our business strategies and maximise any opportunities that may arise.

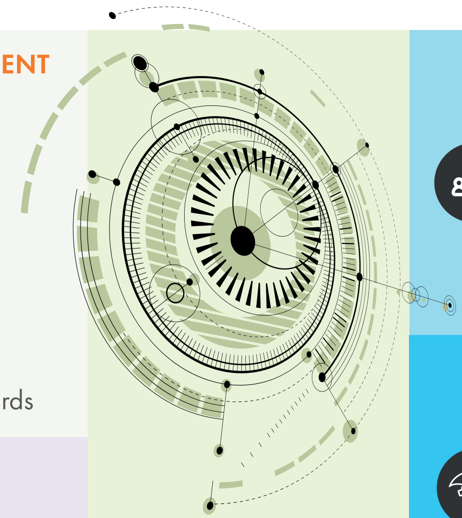
We recognise that risks arise in many forms and can have positive or negative impacts on our reputation, as well as compliance, operational and financial performances.

As such, we have adopted the international standard ISO 31000: 2018 Risk Management – Guidelines, with the aim of pursuing a systematic and structured approach towards the effective management of risk that will promote a more stable and informed environment for NetLink to meet its intended objectives.

We seek to achieve the following objectives through the effective management of risk:

### RISK MANAGEMENT

Good corporate governance standards



A culture of risk awareness at all levels within NetLink

An effective system of internal controls

Manage risk to a level commensurate with the Group's risk appetite

A structured and disciplined approach to respond to risks across NetLink's key processes

Successful business performance

### RISK GOVERNANCE STRUCTURE

**Board of Directors:**
Oversees risk governance in NetLink through frameworks for risk management and the implementation of internal controls activities.

**Risk and Regulatory Committee (RRC):**
Provides oversight and reviews the adequacy and effectiveness of the risk management system and provides overall supervision of risk management.

**Management Risk Committee (MRC):**
Ensures the effectiveness of NetLink's Enterprise Risk Management (ERM) framework, policies and resources employed to identify, manage and report risks relating to NetLink's activities.

**Risk Owners:**
Responsible for the effective implementation of risk management initiatives, control measures, policies, and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board, and report risks relating to NetLink's activities.

| RISK | Business continuity risk |
| --- | --- |
| RISK DESCRIPTION | The provision of NetLink's services depend on people and on the quality, stability, resilience, and robustness of its integrated network. The network can experience damage or cessation of operations from fire, flooding, heavy rainfall, other natural disasters, power loss, vandalism, acts of terrorism, pandemic outbreak, cyber-attacks, computer viruses, cable cuts and other events beyond NetLink's control. Any failure of or damage to NetLink's physical infrastructure could lead to significant costs and disruptions. |
| RISK ACTION PLANS | • Invested in disaster recovery systems and put in place a robust Business Continuity Management System (BCMS) programme. Our BCMS programme was certified to ISO 22301:2019 standard and annual audits are conducted to maintain its certification.<br>• Updated business continuity plans (BCP) and conducted exercises to familiarise stakeholders with the BCPs annually.<br>• Engaged an independent external consultant to conduct an Industry Crisis Management Plan exercise which involved our customers, the Requesting Licensees (RLs) and regulator so as to validate the documented crisis management procedures, increase awareness of the plan among our stakeholders and prepare them to coordinate their actions with the rest of the stakeholders in the event of a disaster. |

| RISK | Customer concentration risk |
| --- | --- |
| RISK DESCRIPTION | NetLink has no direct material relationship with the end users of the network and is largely dependent on the RLs for marketing activities and growth in demand for the use of the network.<br><br>Due to the niche market we are in locally, demand for use of NetLink's network, and the revenue streams resulting from this, is primarily dependent on the activities of the RLs/Retail Service Providers (RSP) to expand their own customer bases.<br><br>In the event of an unanticipated loss of key customers, NetLink's revenue streams may be significantly impacted. |
| RISK ACTION PLANS | • Carried out regular engagements with the RLs and RSPs to understand their requirements and to address any challenges and feedback that they may have.<br>• Monitored trends and market development regularly so that we are ready to undertake mitigating strategies where required.<br>• Conducted credit assessment on the RLs on an annual basis or as and when required. |

| RISK | Capital management risk |
|---|---|
| RISK DESCRIPTION | **Liquidity Risk**<br>Liquidity risk can arise from our potential inability to meet financial obligations when they become due.<br><br>**Interest Rate Risk**<br>Certain of NetLink's indebtedness is floating rate debt. Any increase in the underlying reference rates will increase the Group's borrowing costs and will reduce cash flows from operations. |
| RISK ACTION PLANS | • NetLink manages its capital to ensure that it will meet all its financial obligations, and working capital and investment requirements.<br>• NetLink targets to continually maintain a strong financial risk profile and to keep distributions to unitholders consistent with our distribution policy.<br>• NetLink's funding requirements for its working capital, capital expenditure, and other costs and expenses have historically been met mainly through cash generated from operations, credit facilities from banks, and existing cash deposits.<br>• To maintain diversified funding sources through a mix of borrowings from different banks and also having in place a Multicurrency Debt Issuance Programme.<br>• Refinancing risk is monitored by considering the maturity profile of debt facilities and available sources of funding. As far as possible, the maturities of debt facilities are spread out to mitigate refinancing risks.<br>• For more details on our existing loan facilities, please refer to note 34 of the the Financial risk management policies and objectives. |

| RISK | Regulatory compliance risk |
|---|---|
| RISK DESCRIPTION | As a public telecommunication licensee, a listed entity, and a registered business trust, NetLink is subject to regulations by the Infocomm Media Development Authority, Singapore Exchange Limited, Monetary Authority of Singapore and various other authorities. NetLink must ensure its compliance with a variety of legislation, regulations and codes of practice and could be subject to future regulatory changes and/or other Singapore government intervention. |
| RISK ACTION PLANS | • Maintained a framework to provide an overarching approach to ensure that the business operates in compliance with external laws and regulations.<br>• Identified responsible persons to manage compliance with the applicable laws and regulatory obligations, with central reporting of compliance issues to the MRC and an escalation process to the RRC. |

| RISK | Project management risk |
|---|---|
| RISK DESCRIPTION | NetLink started building a new Central Office in the northern area of Singapore since the 3rd quarter of FY23.<br><br>Given the complexity and sensitivity of the project, NetLink remains vigilant against project risks such as schedule delay, cost overrun, build quality, contractor's capability and performance, as well as contract disputes, that will affect our reputation and delay in completion of the Central Office. |
| RISK ACTION PLANS | • To ensure that project schedule and cost are kept on track, regular project meetings are held between NetLink's management, project consultants and the main contractor.<br>• NetLink conducts regular site visits to closely monitor the progress of the construction and manage potential risks of delay. |

RISK

## Outsourcing risk

RISK DESCRIPTION

NetLink outsources majority of its construction and installation work to third-party contractors. This includes the construction and maintenance of ducts and manholes, the installation of fibre cables, including installation of fibre connections at end-user locations.

Due to the nature of our business, we are reliant on certain key contractors who employ mainly foreign workers to construct, upgrade and maintain our network and hence are subjected to the policies that govern the employment of foreign workers.

RISK ACTION PLANS

- Identified and signed contracts with more reputable contractors to ensure we are not overly reliant on certain contractors.
- Continually engage our contractors to monitor the level of manpower resources so as to ensure that our operations are not materially impacted by their lack of manpower resources.

RISK

## IT system implementation risk

RISK DESCRIPTION

NetLink faces risks relating to the implementation of its new IT systems to replace the existing Operations Support System/Business Support System ("OSS/BSS").

NetLink will rely on the new IT systems for the operation of most of NetLink's activities once these systems are implemented. Any failure of the new systems could have a material adverse effect on NetLink's operations and financial performance, including, but not limited to, delays in responding to connection requests from the RLs, delays in resolving any disruptions to NetLink's network and delays in billing and invoicing activities. Additionally, any failure of NetLink's IT systems may impact its ability to meet the Quality of Service (QoS) timeframe standards.

RISK ACTION PLANS

- To ensure that the new IT systems are built fit for purpose, we monitor and track the various stages of the project life cycle. Issues, gaps, and defects are identified, documented, and reviewed weekly.
- A senior level steering committee, comprising of NetLink and the system integrator, was formed to discuss project progress and critical issues.
- During testing phase, extensive testing will be performed throughout the systems, including user engagement to test and validate the to-be business process and verify that the requirements have been met.

| RISK | Technology risk |
| --- | --- |
| RISK DESCRIPTION | NetLink operates in an environment driven by technological changes.<br><br>With the rapid advancement in technology, technological changes may require NetLink to replace and/or upgrade its network infrastructure in order to continue offering fibre connections that remain relevant to the needs of the RLs.<br><br>While NetLink's fibre currently offers the highest potential speeds for data transmission among commercially available options, customers and applications that do not require higher speed data connections may choose to rely on alternative technologies for their data connectivity, especially if offered on more attractive terms. |
| RISK ACTION PLANS | • Regular market scans to understand emerging trends and/or changes in broadband consumption behaviour, including the deployment and adoption of substitute technologies in Singapore and overseas markets so as to keep ourselves up to date on new technological developments.<br>• Assessed the results of the market scans, with a view to update our business plans in light of new technological developments. |

| RISK | Critical system failure risk |
| --- | --- |
| RISK DESCRIPTION | NetLink's physical aboveground and underground fibre-related infrastructure and IT infrastructure are critical to the operational performance of NetLink. |
| RISK ACTION PLANS | • Measures in place to identify fault and failure to our key systems such that remedial actions can be taken.<br>• Regular maintenance of our equipment to ensure that critical systems are kept in good working condition and replaced in time. |

| RISK | Cybersecurity risk |
| --- | --- |
| RISK DESCRIPTION | Cybersecurity threats have not only been increasing in recent times but are also getting more sophisticated.<br><br>As NetLink's businesses and operations rely heavily on Information Technology (IT), NetLink is exposed to cybersecurity threats, data privacy breaches as well as other network security and stability risks. |
| RISK ACTION PLANS | • Established policies and frameworks to ensure information system security and network stability.<br>• Deployed a layered cybersecurity defense framework that includes end-point security, firewall with built-in threat intelligence and a Security Information and Event Management solution which helps to identify and detect abnormalities in our computer systems and potential intrusions.<br>• Performed continuous vulnerability scanning and fine-tuning of system alerts to mitigate cyber threats.<br>• Periodic audits are conducted by our internal and external auditors, and penetration testing is conducted annually by a third party. Any vulnerabilities identified through these audits are reviewed and mitigated.<br>• Provide training to our employees on cybersecurity awareness and regularly remind employees to be vigilant to such threats. |

# INVESTOR RELATIONS

NetLink is committed to providing timely and consistent communication with stakeholders in the investment community. Guided by our Investor Relations (IR) Policy, the Senior Management and IR team engaged with approximately 100 institutional investors, financial institutions, and private bankers and about 240 retail investors and trading representatives via mostly virtual meetings throughout the year. These engagements promote timely two-way communication on NetLink's operational and financial performance, corporate strategy, and other matters such as the progress of the regulatory price review. Additionally, a virtual meeting was organised in partnership with the Securities Investors Association (Singapore) (SIAS) to reach out to retail Unitholders prior to the virtual Annual General Meeting (AGM). Unitholders were invited to send in their questions ahead of the AGM and the responses were posted on our website before proxy votes were due. Moreover, Unitholders were given the opportunity to ask questions 'live' during the meeting so that they could make informed decisions during the 'live' voting at the virtual AGM.

The IR team also maintains regular communication with over 10 sell-side equity research analysts that cover the stock, and a post-results conference call is held every quarter.

NetLink's corporate website www.netlinknbn.com is the key platform where information such as financials, announcements, and updates can be accessed. In addition to ensuring all material updates are announced with the Singapore Exchange ("SGX-ST"), the corporate website is also updated in a timely manner to ensure prompt dissemination of information. Unitholders and the public have the option to sign up for email alerts to receive NetLink's latest announcements. Contact details of the IR department can also be found on the website.

As a testament to the quality of NetLink's investor engagement and corporate governance efforts, NetLink was recognised by the investment community for our high standards of communication and investor engagement. More details of our Corporate Governance efforts can be found on pages 38 to 65.

**BRONZE**
**SINGAPORE CORPORATE AWARDS 2022**
Best Investor Relations Award
REITs and Business Trusts Category

**ASEAN ASSET CLASS**
**ASEAN TOP 20**
**TOP 3 SINGAPORE PUBLICLY LISTED COMPANIES**
**ASEAN CORPORATE GOVERNANCE SCORECARD AWARDS**

**RANKED 1ST**
**GOVERNANCE INDEX FOR TRUST (GIFT) 2022**

**RANKED 5TH**
**SINGAPORE CORPORATE GOVERNANCE AND TRANSPARENCY INDEX (SGTI)**
REIT and Business Trust category

**WINNER**
**SIAS INVESTORS' CHOICE AWARD**
Shareholder Communication Excellence Award
REITs and Business Trusts Category

# Distribution Policy

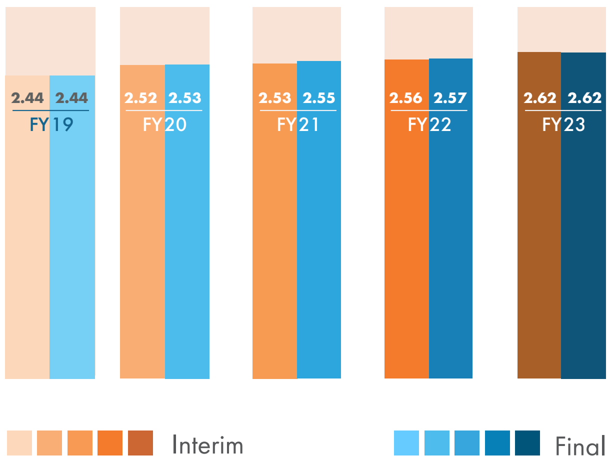
The Trust's full distribution policy can be found in the prospectus dated 10 July 2017.

NetLink NBN Trust's distribution policy is to distribute 100% of its cash available for distribution, which includes distributions received from its wholly-owned subsidiary NetLink Trust ("NLT").

NLT's distribution policy is to distribute at least 90% of its distributable income to NetLink NBN Trust after setting aside reserves and provisions for, amongst others, future capital expenditure, debt repayment and working capital as may be required.

Distributions by NetLink NBN Trust will be made on a semi-annual basis, with the amount calculated as at 31 March and 30 September each year for the 6-month period ending on each of the said dates.

**DISTRIBUTION PER UNIT (SINGAPORE CENTS PER UNIT)**

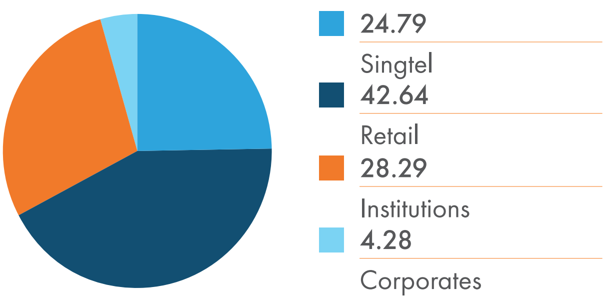



# Unitholder Analysis

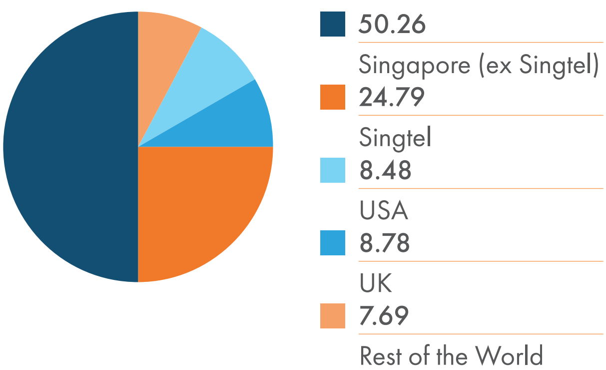
As at 31 March 2023, market capitalisation was approximately $3.4 billion, based on the closing price of $0.86 on 31 March 2023.

The average unit price for the period was $0.91, hitting a high of $1.01 on 25 April 2022 and a low of $0.80 on 25 October 2022. Average daily trading volume during this period was 6.3 million units.

**UNITHOLDER BASE BY TYPE**




**OWNERSHIP BY GEOGRAPHY**




**Q1**

- Full Year Financial Results for the period ended 31 March 2022
- UOBKH Trading Representatives Briefing
- Maybank Invest ASEAN
- CGS-CIMB Regional Shariah Investing Symposium 2022

**Q2**

- Q1 Financial Results for the period ended 30 June 2022
- DBS NDR
- SIAS Conference
- Annual General Meeting
- CGS-CIMB ProsperUs Webinar

**Q3**

- Q2 Financial Results for the period ended 30 September 2022
- SGX-SIAS Corporate Connect
- Maybank Kim Eng Trading Representatives Briefing
- OCBC Securities Trading Representatives Briefing

**Q4**

- Q3 Financial Results for the period ended 31 December 2022
- Briefing to Citibank Institutional Investors

# CORPORATE SOCIAL RESPONSIBILITY

At NetLink, we believe in making a positive impact on the community and contributing to the overall well-being of our beneficiaries through meaningful volunteering engagements. In alignment with our Corporate Social Responsibility (CSR) mission and values, we support and serve causes and groups we choose, through volunteering activities and donations. We will continue to seek meaningful ways to assist Singaporeans to be digitally ready as well as to assist the less fortunate in the community.

## Making a Positive Impact on Communities

**$285,000**
DONATED

**141**
STAFF VOLUNTEERS

**444**
HOURS CONTRIBUTED

## Areas of Focus

ELDERLY

LOW-INCOME FAMILIES

## Recognition

TOUCH Community Services

TOUCH COMMUNITY SERVICES
(Shining Diamond Sponsor)

COMMUNITY CHEST AWARDS

COMMUNITY CHEST AWARDS
(Charity Gold Awards)


## Charity of the Year

TOUCH Young Arrows – Eunos ("TYA – Eunos"), serving children between the ages of 5 to 14 from low-income or disadvantaged backgrounds. Our sponsorship helped to cover the expenses related to running TYA – Eunos and enrichment classes for the children. TYA – Eunos organises activities such as academic coaching and character-building activities, family-related events, and other social and educational activities.

With the easing of COVID-19 safe distancing measures and the resumption of in-person activities, we brought the children out to the ArtScience Museum to experience the highly immersive and interactive exhibit; Future World: Where Art Meets Science exhibit. We ended the year by giving the children a small Christmas treat and brought them shopping to pick out their Christmas present.

## Inclusive Digital Future

We continued our support of Infocomm Media Development Authority's (IMDA) Digital for Life (DFL) movement. As an infrastructure enabler of Singapore's digital economy, we strongly believe that no one should be left behind in the journey to the digital future. In addition to the $200,000 put towards the DFL movement, staff volunteered at two IMDA Digital Learning Clinics, a four-week learning programme where volunteers contributed their time and expertise to equip the elderly with basic digital skills that would allow them to participate in our increasingly digital society.

## Environment

This year, we partnered with the Waterways Watch Society (WWS) - a local non-profit environmental organisation. WWS is committed to fostering appreciation and promoting the conservation of our waterways through education. Through a pre-activity talk and hands-on litter picking, the volunteers learned more about various water-related environmental issues and the importance of individual responsibility in ensuring environmental sustainability. Our volunteers collected a total of 90kg of trash in just one morning.

# SUSTAINABILITY REPORT

## About This Report

The information in this report covers all business activities of NetLink NBN Trust and its subsidiaries (NetLink)[1] for the financial year 2023 (FY23) from 1 April 2022 to 31 March 2023. NetLink's business activities occur solely in Singapore.

This report is published on an annual basis together with our Annual Report (AR). For queries or comments on NetLink's sustainability report or initiatives, please write to investor@netlinknbn.com.

NetLink has adopted the latest Global Reporting Initiative (GRI) 2021 standards for this sustainability report. We have also begun disclosing according to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, in line with SGX's climate-related disclosure requirement. Together, both GRI and TCFD reporting allow us to provide a transparent and more comprehensive way of reporting our environmental, social and governance (ESG) impacts. We also abide by the SGX-ST Listing Manual (Rules 711A and 711B) for the disclosures in this report. Our GRI content index can be found at the end of the report.

### INTERNAL REVIEW AND EXTERNAL ASSURANCE

NetLink's Internal Audit department performed review of the sustainability report as part of its audit review cycle. NetLink has additionally sought external assurance for our FY23 sustainability report. We obtain independent external assurance annually before publishing our sustainability report to add credibility and increase stakeholder confidence in the accuracy and completeness of the selected information. Both the internal review and external assurance findings are reported to and reviewed by the Board.

Deloitte & Touche LLP has provided limited assurance on selected Global Reporting Initiative (GRI) Universal Standards 2021 disclosures (collectively, the "Sustainability Information") using Singapore Standard on Assurance Engagements 3000. The assurance statement can be found on pages 117 to 123 of this report.

### CONTENTS



[1] Please refer to Annual Report page 6 for our list of subsidiaries. The environmental, social and governance information included in this report correspond to all the entities listed and has been consolidated without any adjustments.

## Board Statement

The Board of Directors (the Board) is pleased to present NetLink NBN Trust and its subsidiaries' (NetLink) fifth Sustainability Report, which highlights our Environmental, Social and Governance (ESG) performance and progress in advancing our sustainability goals.

NetLink is currently operating in an increasingly challenging and unpredictable environment. Geopolitical conflict, global energy crisis and severe climate-related events have affected our supply chains, increasing the cost and challenges of procuring key resources for our operations. Despite this, NetLink remains focused on delivering long-term value for all our stakeholders by providing nationwide and reliable fibre connectivity, a critical network infrastructure to advance Singapore's digital ambitions. In addition, we continue to play an active role in facilitating the 5G rollout in Singapore, assisting SMEs and industry players in their digital transformation, and empowering local communities with broadband connectivity.

In the efforts to decarbonise our operations to achieve our 2050 net zero target, NetLink has identified a series of measures to improve the energy efficiency of our Central Offices (COs), which will be implemented progressively over the next few years. Our new CO, currently under construction in northern Singapore, has been designed in accordance with the BCA-IMDA Green Mark for New Data Centres 2019 Standards.

At NetLink, sustainability has always been an integral part of our business strategy and is embedded in our business operations. This is underpinned by a strong commitment from our Board, which provides oversight and guidance to drive sustainability agenda across the organisation. Supported by the Sustainability Steering Committee (SSC), the Board reviews the development of NetLink's sustainability objectives and their integration with the business strategy, as well as the management and monitoring of the sustainability performance. The Board has reviewed and approved two new material ESG factors in this year's report – Water Consumption and Sustainable Supply Chains – derived through a comprehensive consideration of our impact on the environment, economy, and society, in line with the latest GRI 2021 standards guidance. Our material ESG topics are also aligned to 7 United Nations' Sustainable Development Goals (SDGs) to address global challenges and spotlight key areas for us to better focus our sustainability efforts.

This year, NetLink has also taken a step towards aligning our climate impact reporting with the Taskforce on Climate-Related Financial Disclosures (TCFD). Although the Singapore Exchange (SGX) only mandates reporting on a 'comply or explain' basis, we believe that aligning to the TCFD recommendations will help our stakeholders better gauge the climate-related risks and opportunities our business faces. This year, we have completed a qualitative climate change scenario analysis, taking into account both transition and physical risks. The results of the analysis will be considered in our mitigation efforts moving forward.

Looking forward, we will continue to integrate sustainability within our operations to ensure that we consider our impact on the environment, economy and society. We are excited to share more within the report and thank you for your partnership as we progress in our sustainability journey.

NetLink NBN Trust
Board of Directors

# OUR FY23 ACHIEVEMENTS

## GOVERNANCE AND TRANSPARENCY

**0 incidents**

Maintained zero incidents of corruption and significant non-compliance with laws or regulations

**5 awards**

Received five awards and recognitions for corporate governance and communications (refer to page 72)

## DATA SECURITY AND PRIVACY

**0 breaches**

Sustained zero incidents of data breaches affecting personal data or company-related confidential data

## CLIMATE CHANGE

**31% reduction**

Recorded 31%[2] Scope 1 and 2 emissions reduction from FY22 base year

**TCFD report**

Embarked on our inaugural TCFD report with completed qualitative scenario analysis covering both transition and physical risks

## WASTE MANAGEMENT

**2.2% scrap rate**

Achieved within target a scrap rate of 2.2% on fibre cable issued

**0 incidents**

Maintained zero incidents of non-compliance on waste disposal practices

## TALENT RETENTION, TRAINING, AND DEVELOPMENT[3]

**5,864 hours**

Recorded total training hours of 5,864 at an average of 17.3 training hours per employee

**0 discrimination**

No incidents of discrimination reported

**0 incidents**

Maintained zero work-related incidents that resulted in permanent disability or fatality

Signed a MOU on the formation of a **Company Training Committee with UTES**, committing towards building a competent, sustainable and future ready workforce for the company

ENGAGED

Organised breakfast meeting programme for middle management to engage with senior management and provide feedback and suggestions

## CONNECTING THE NATION[4]

**100% coverage**

**99.99% reliability**

Maintained 100% islandwide fibre coverage and achieved 99.99% network reliability

**5G digital transformation**

Supported 5G rollout and collaborated with industry players to provide bandwidth services and enable digital transformation initiatives

**$78 million**

Invested approximately $78 million to enhance and ensure the robustness of our fibre network

**>3,000 orders**

Supported SMEs in their digital transformation through promotional pricing with more than 3,000 qualified orders received as at 31 March 2023

[2] This is largely due to a reduction in refrigerant and diesel top up in our COs which is on a need-to basis and thus fluctuate yearly. Refer to pages 92 and 93 for details.
[3] The 'Diversity and Equal Opportunity' topic from FY22 was merged with 'Talent Retention' to form 'Talent Retention, Training, and Development.
[4] Previous FY22 material topic Infrastructure, Quality and Network Availability has been subsumed into Connecting the Nation.

# OUR SUSTAINABILITY APPROACH

Our sustainability approach undergirds the way NetLink aims to create long-term value for our stakeholders by addressing the pressing environmental and social challenges impacting our business, clients, and partners. This year, we have refined our long-term strategy to affirm the integration of sustainability into our business approach. We will continue to fine-tune our long-term strategy to meet the evolving business and sustainability landscape.

Our core values of Partnership, Excellence, Integrity, Teamwork, and Respect form the foundation of the way we approach our work and will guide us as we monitor and address sustainability-related risks and opportunities.

Our sustainability framework also supports our long-term strategy. Following this year's materiality assessment, we have widened our social focus area to better reflect the social and economic impacts on communities associated with our fibre broadband network. Our sustainability framework lays out our high-level strategic initiatives that sustainably contribute to Singapore's growing digital economy and society.

## Sustainability Framework

### OUR BUSINESS PRACTICES

- NetLink is committed to responsible and ethical business practices supported by sound governance. We strictly adhere to relevant laws and regulations and implement industry best practices in our operations.

### OUR ENVIRONMENT

- NetLink strives to reduce our environmental footprint, improve resource efficiency, and ensure our operations remain resilient to climate change risks.
- NetLink aims to reduce our Scope 1 and 2 emissions by 50% by FY30 (using FY22 as a baseline) and achieve net zero by 2050.

### LONG-TERM STRATEGY

To build a green and resilient fibre network infrastructure that enables Singapore's sustainable digital future.

### OUR PEOPLE AND COMMUNITIES

- NetLink connects communities and businesses in Singapore with the nationwide fibre network. We stay invested in expanding and boosting our network's availability, robustness and reliability to serve the communities, as well as supporting industry efforts and innovation in Singapore.
- NetLink firmly believes that our success and continued business growth are the result of our employees' efforts. Therefore, we actively strive to create a safe, inclusive and equal opportunity workplace, and provide opportunities for our employees to seek personal development and professional advancement.

## Sustainability Governance Structure

NetLink has an established sustainability governance structure to provide oversight on our sustainability efforts and ensure sustainable growth in the long run.

**Board of Directors:**
- Oversee and set the direction for our sustainability strategy, policies and goals
- Oversee the determination and management of material ESG issues

**Sustainability Steering Committee (comprising C-Suite):**
- Develop and update sustainability objectives, strategies, goals and policies for recommendation to the Board
- Manage and monitor sustainability performance with regards to ESG impacts, risks and opportunities

**Head of Department:**
- Drive sustainability strategies and policies across the organisation

At NetLink, the Board sets the vision and has the overall responsibility for sustainability strategy and issues. The Board incorporates sustainability issues in NetLink's strategic formulation and supervises the management of NetLink's ESG impacts, risks and opportunities, including climate-related risks and opportunities.

The Board works with the Sustainability Steering Committee (SSC) to validate and direct the goals and plans set by the SSC. Such engagements are carried out during three of the four board meetings held annually, where NetLink's ESG impacts, risks and opportunities presented by the management are discussed as part of the meeting agenda to ensure that management takes the appropriate actions to mitigate any adverse impacts or risks accordingly. During these meetings, the Board also reviews the progress of our sustainability initiative implementation and current performance against sustainability goals to provide feedback for improvement and follow-up from the SSC. The Board additionally reviews and approves NetLink's sustainability report. In FY23, sustainability topics discussed during the board meetings include updated material topics for NetLink (see page 81), and a review of the prioritised list of climate risks and opportunities for NetLink.

The SSC spearheads NetLink's sustainability initiatives and discuss sustainability plans and progress with the management team.

When setting and updating strategies and targets for recommendation to the Board, the SSC considers employee and other stakeholder feedback through the Head of Department (HODs). The SSC also tracks NetLink's performance against key ESG indicators and targets. To further promote greater accountability and ownership of NetLink's sustainability, relevant ESG targets have been incorporated into the performance and remuneration of SSC members and HODs.

# Material Topics

NetLink has a process to review and update our material topics regularly. Taking into account the current sustainability trends and updated GRI 2021 guidance for determining material topics, we conducted a materiality refresh[5] exercise with the assistance of an external consultant.

Under the updated GRI 2021 guidance, we identified and assessed the impacts from our operations and services on the economy, environment, society, and individuals. Impacts considered can be actual or potential, positive, or negative, and short or long-term. Impacts were scored based on severity, ease of remediation, and likelihood before being grouped into material topics. The list of identified impacts was verified and consulted with NetLink's HODs and SSC, who provided feedback on the impact list and scoring assumptions based on their intimate knowledge of NetLink's operations.

Material topics with medium to high impact scores which could be deemed material to NetLink were then brought up to the Board for review and approval.

The following lists our material topics for FY23:

**OUR BUSINESS PRACTICES**

- Economic performance
- Governance and transparency[a]
- Data security and privacy

**OUR ENVIRONMENT**

- Climate change
- Waste management
- Water consumption[b]
- Sustainable supply chain[c]

**OUR PEOPLE AND COMMUNITIES**

- Health and safety
- Talent retention, training and development[d]
- Connecting the nation[e]

Notes:
[a] FY22 material topic 'Compliance with laws and regulations' is now subsumed under the 'Governance and transparency' topic given the overlap in their management approach.
[b] 'Water consumption' is a new material topic accounting for the impact of water use within our COs for cooling system.
[c] 'Sustainable supply chain' was previously reported as a non-material disclosure. After the materiality refresh from an impact perspective, NetLink has considered it a material topic given the environmental and social impacts associated with the procurement of fibre cables and construction work within our supply chain.
[d] FY22 'Diversity and equal opportunity' and 'Talent retention' topics are now reported within a combined 'Talent retention, training and development' topic addressing our impacts on our employees.
[e] FY22 'Infrastructure, quality and reliability of network' topic has been subsumed under 'Connecting the nation' topic since they share the same impacts - infrastructure coverage, quality and reliability are all necessary to realise the positive social and economic impacts associated with fibre broadband connectivity. 'Connecting the nation' topic has also been moved from 'Our Business Practices' to 'Our People and Communities' focus area within NetLink's sustainability framework to better reflect the community impacts that it addresses.

[5] External stakeholders are not engaged during the materiality refresh. Per NetLink's materiality assessment cycle, external stakeholders will be engaged once every three years and were last engaged in FY22.

# ESG Targets and Commitments

NetLink sets clear commitments and targets to drive our performance and manages our material topics. The progress is closely monitored and updated to the SSC.

For FY24, we have set targets for our two new material topics and a new target to achieve an average of 24 training hours per employee.

## OUR BUSINESS PRACTICES

| Material Topics | Target/Commitment[a] | FY23 Performance & Progress |
|---|---|---|
| **Economic Performance** | Maintain a financially sustainable operation to better serve and provide value for our stakeholders. | Refer to financial results in pages 24 to 27. |
| **Governance and Transparency** | Maintain zero incidents of significant[b] non-compliance with laws and regulations, including corruption. | Maintained zero incidents of significant non-compliance with laws and regulations, and zero incidents of corruption. |
| **Data Security and Privacy** | Maintain zero incidents relating to data breaches of personal data or company-related confidential data. | Maintained zero incidents relating to data breaches of personal data or company-related confidential data. |

## OUR ENVIRONMENT

| Material Topics | Target/Commitment[a] | FY23 Performance & Progress |
|---|---|---|
| **Climate Change** | Reduce Scope 1 and 2 emissions by 50% by FY30 (using FY22 as a baseline) and achieve net zero by 2050. | Recorded Scope 1 and 2 emissions reduction of 31%[c] relative to FY22 level. |
| **Waste Management** | Keep fibre scrap within 2.5% of the total fibre cable issued.<br><br>Maintain zero incidents of non-compliance with the relevant laws and regulations on waste disposal practices. | Generated a total of 2.2% fibre scrap in proportion to total fibre cable issued.<br><br>Maintained zero incidents of non-compliance with the relevant laws and regulations on waste disposal practices. |
| **Water Consumption[d]** | Conduct water assessment from FY24 to identify water saving opportunities with a view of establishing water consumption reduction target in the coming years. | Withdrew 75,240$m^3$ of potable water from PUB for our COs and corporate offices. |
| **Sustainable Supply Chain[d]** | Engage with at least 3 key suppliers/contractors on green initiatives from FY24, with a view to enlarge the engagement population in the coming years. | Started collecting and reviewing potential green initiatives that our key suppliers/contractors can be involved in. |

Notes:
[a] These are ongoing annual targets unless indicated otherwise.
[b] NetLink defines serious instances of non-compliance with laws and regulations as fines and/or penalties of SGD$10,000 or more, or other public sanctions causing reputational damage.
[c] This is largely due to a reduction in refrigerant and diesel top up in our COs which is on a need-to basis and thus fluctuate yearly. Refer to pages 92 and 93 for details.
[d] These are new material topics identified in FY23.

## OUR PEOPLE AND COMMUNITIES

| Material Topics | Target/Commitment[a] | FY23 Performance & Progress |
|---|---|---|
| **Health and Safety** | Maintain zero work-related incidents that resulted in permanent disability or fatalities. | Maintained zero work-related incidents that resulted in permanent disability or fatalities. |
| **Talent Retention, Training and Development** | Achieve an annual employee turnover rate below the industry average[e].<br><br>Continue to invest in learning and developing our employees to build knowledge, skills and internal capabilities[f].<br><br>Continue to maintain a diverse and inclusive workforce and providing fair opportunities to employees based on merit.<br><br>Maintain zero incidents of discrimination. | Realised a turnover rate of 21%, which is higher than the High-Tech industry turnover rate of 18.6%.<br><br>Recorded total training hours of 5,864 at an average of 17.3 training hours per employee.<br><br>Maintained a diverse and inclusive workforce.<br><br>Maintained zero incidents of discrimination. |
| **Connecting the Nation** | Build a network infrastructure that anticipates Singapore's growing needs in the coming year.<br><br>Continue to make investments in network infrastructure to ensure long-term reliability, quality and availability of our network to enhance our customer experience. | Number of connections (Residential)<br>• Homes passed: 1,584,124<br>• Homes reached: 1,536,621<br>• End-users: 1,485,271<br><br>Number of connections (Non-residential)<br>• Buildings reached: 42,987<br>• End-users: 52,120<br><br>Number of NBAP connections: 2,706<br><br>Number of segment connections: 2,843<br><br>Maintained 99.99% in network availability. |

Notes:
[e] Employee turnover rate in FY23 was higher than the industry average which was partially affected by external factors such as market demand and supply for labour. For FY24, NetLink will monitor our employee retention and engagement performance, and act on the feedback from our biennial employee engagement surveys to improve the turnover rate.
[f] For FY24, the target will be revised to achieve at least an average of 24 training hours per employee.

## Stakeholder Engagement

Regular engagement with various stakeholders is crucial for NetLink to build trust and drive business development. Through these engagements, our stakeholders are able to bring across their concerns and interests, which then shapes NetLink's sustainability strategies, focus areas and actions to manage our risks and impacts.

Given that there has not been any material change to the nature and scope of our business activity, the results of our stakeholder mapping exercise in FY22 remain valid. We continue to engage the material stakeholders identified from the mapping exercise to maintain strong relationships and manage our impacts on them more effectively.

| KEY STAKEHOLDERS | ENGAGEMENT METHODS AND FREQUENCY | | ENGAGEMENT TOPICS COVERED | NETLINK'S RESPONSE |
|---|---|---|---|---|
| Unitholders/ Analysts | Throughout the year | • Financial result releases, announcements, press releases, and other required disclosures through SGXNet and NetLink's website<br>• Meetings and calls<br>• Investor conferences / roadshows | • Business and operations performance<br>• Business strategy and outlook<br>• Regulatory Pricing Framework<br>• Sustainability issues such as adoption of TCFD for climate-related disclosures and our human rights policy | • Regular engagement with the investment community<br>• Provide timely information to the market |
| | Annually | • SGX Corporate Connect Seminar<br>• Annual General Meeting<br>• SIAS Shareholder Meeting | | |
| Lenders | Throughout the year | • Announcements and press releases in SGXNet and NetLink's website | • Business and operations performance<br>• Business strategy and outlook | • Regularly engage and provide timely information to lenders |
| | As and when needed | • Meetings and calls | | |
| Customers (telecommunications operators) | Annually | • Customer survey | • Reliability and quality of infrastructure<br>• Availability of infrastructure to meet demand<br>• Materials sourcing and operational processes<br>• Collection of data for sustainability reporting | • Regular engagements with customers to understand the projected demand for infrastructure capacity planning<br>• Focused investment in our network reliability and availability improvements as informed by customer feedback |
| | Throughout the year | • Regular customer meetings | | |

| KEY STAKEHOLDERS | ENGAGEMENT METHODS AND FREQUENCY | | ENGAGEMENT TOPICS COVERED | NETLINK'S RESPONSE |
|---|---|---|---|---|
| Employees | Upon joining the Company | • Induction for new employees | • Performance review<br>• Career development and compensation<br>• Employee well-being<br>• Occupational health and safety such as fire evacuation procedures<br>• Company policies such as cyber security, anti-corruption, business continuity, whistleblowing and personal data protection | • Established practices and policies readily accessible through NetLink's intranet<br>• Various channels for employees to provide their feedback, such as during townhall meetings, performance appraisal sessions, listening ear sessions, and CEO breakfast meetings. Feedback received will be deliberated by management for determination of appropriate actions |
| | Twice a year | • Performance appraisals | | |
| | Throughout the year | • Staff activities to promote engagement and well-being<br>• Training and awareness programmes | | |
| | Once every 2 years | • Employee engagement survey | | |
| Local communities | Throughout the year | • Two-way focus group discussion with our community partners such as Touch Community Services | • Monetary or non-monetary contributions to the local community | • Contribute at community events through volunteering and corporate donations^ |
| Government and regulators | Throughout the year | • Ongoing communication and consultation with the relevant authorities | • Compliance with laws and regulations<br>• Price review | • Established policies and procedures to ensure compliance with laws and regulations<br>• Provided data and explanation to pursue a reasonable outcome for the next five years |

^Refer to page 74 for more details on our communities' initiatives.

## Support for the UN SDG Goals

NetLink continues to support the United Nations Sustainable Development Goals (SDGs). These goals, launched in 2015, have mobilised the world into collective action across private and public sectors to address 17 areas of critical importance for humanity and the planet. In addition to our previous alignment to six SDGs, we have identified a new SDG – "Peace, Justice and Strong Institutions" for alignment this year.

| SUSTAINABLE DEVELOPMENT GOALS | NETLINK'S COMMITMENT | NETLINK'S INITIATIVES |
|---|---|---|
| **Goal 3: Good health and well-being**<br><br>Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all | To create a healthy and safe workplace and promote the well-being of our employees and contractors | **Health and safety**<br>• Implementation of robust occupational health and safety procedures and policies<br>• Constant look-out for opportunities to improve the well-being of employees and personnel working in our premises such as wellness programmes and piloting vendor rest area at COs.<br><br>**Sustainable supply chain**<br>• Perform workplace health and safety risk assessments<br>• Regular site-checks/audits to ensure control measures are in place |
| **Goal 8: Decent work and economic growth**<br><br>Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries<br><br>**Goal 9: Industry, innovation and infrastructure**<br><br>Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all<br><br>Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities | Contribute to Singapore's economic growth through provision of a reliable and quality fibre broadband connection, while investing in the development of employees to boost productivity | **Connecting the nation**<br>• Maintain 100% islandwide fibre coverage<br>• Support industry efforts in driving innovation such as enabling 5G deployment, digital transformation and Quantum Key Delivery initiative<br>• Continue investing to expand and increase the reliability and robustness of our fibre network, as well as reduce the risk of system downtime<br><br>**Talent retention, training and development**<br>• Providing our employees with opportunities for continued personal development and professional advancement |

| SUSTAINABLE DEVELOPMENT GOALS | NETLINK'S COMMITMENT | NETLINK'S INITIATIVES |
|---|---|---|
| **Goal 10:<br>Reduced inequalities**<br><br>Target 10.2: By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status | Ensure equal opportunities for all and cultivating a diverse and inclusive workplace | **Talent retention, training and development**<br>• Equal access to career opportunities and progression through merit-based management approach<br>• Human Rights policy with our Employee Code of Conduct prohibiting discrimination in the workplace, with strict disciplinary actions for those found in violation |
| **Goal 12:<br>Responsible consumption and production**<br><br>Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources<br><br>Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse | Reduce energy use and water use as well as minimise waste generation to minimise impacts on the environment | **Climate change**<br>• Implement energy efficiency initiatives in our COs to reduce energy use and GHG emissions<br><br>**Waste**<br>• Adopt measures to minimise fibre scraps<br>• Seek innovative approaches that can help to potentially divert our fibre cables from disposal<br><br>**Water**<br>• Consume water responsibly<br>• Monitor proactively for leaks to prevent wastage |
| **Goal 13:<br>Climate action**<br><br>Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries | Conduct climate change risk assessment and implement adaptation measures to increase operational resiliency to climate change risks | **Climate change**<br>• Completed qualitative climate change scenario analysis to review the impact of climate-related risks on our business and finances<br>• Implemented steps to protect our facilities against flood |
| **Goal 16:<br>Peace, justice and strong institutions**<br><br>Target 16.5: Substantially reduce corruption and bribery in all their forms | Prohibit corruption and bribery in our operations and our value chain | **Governance and transparency**<br>• Zero tolerance towards corruption and bribery as set out in our Anti-Bribery and Corruption Policy<br>• Supplier Code of Conduct outlining expected anti-corruption and bribery standards for our suppliers |

# OUR BUSINESS PRACTICES

## Economic Performance

NetLink designs, builds, owns, and operates the passive fibre network infrastructure of Singapore's Nationwide Broadband Network (NBN). Our financial sustainability is important to us as we build and maintain the trust of our investors, who in turn enable us to upkeep and future-proof the fibre network infrastructure for all our customers and end-users in this fast-evolving digital era.

Our pursuit for financial sustainability is underpinned by these three areas:

- Sound governance and business practices: see pages 88 to 89 and our Corporate Governance report (page 38).
- Risk management: see our Enterprise Risk Management framework (pages 66 to 70), our TCFD report (pages 94 to 95), cybersecurity risk management (page 90) and health and safety risk management (page 98).
- Developing a resilient business model while committing to high standards of service: see our Operating Review (pages 20 to 23) and our initiatives to connect the nation (page 106).

Our value creation for our stakeholders is also summarised in pages 8 to 9. We aim to maintain a financially sustainable operation to better serve and provide value for our stakeholders. Please refer to pages 24 to 27 for our financial results.

## Governance and Transparency

Corruption, mismanagement of company resources and non-compliance to laws and regulations in our operations or supply chain pose significant business risks to NetLink. Being Singapore's dominant fibre broadband infrastructure provider, sound governance combined with transparent and ethical business practices is essential for both NetLink's financial sustainability and continued provision of high-quality broadband services to realise the benefits of connectivity. As such, NetLink enforces policies to guard against malpractices, uphold high corporate governance standards and ensure compliance with all relevant laws and regulations.

We have in place policies and trainings to provide guidance to employees for their day-to-day business dealings with all our stakeholders, for example, to help them identify suspicious activities that could constitute as bribery, corruption, and/or money-laundering. The policies include due diligence to ensure compliance with laws and regulations and apply a precautionary principle to manage environmental and health and safety risks.

We are guided by the United Nations Universal Declaration of Human Rights and related covenants, the International Labour Organisation's core conventions and the United Nations Convention Against Corruption. In particular, our newly established human rights policy sets out our commitments towards equality and non-discrimination, freedom of association, fair employment practices, prohibition of child, forced and involuntary labour, health and safety, and right to privacy for our employees, customers, business partners, and suppliers.

### NETLINK'S RESPONSIBLE BUSINESS POLICIES

- Anti-bribery and Corruption
- Employees' Code of Conduct
- Gift, Prize, Entertainment and Hospitality
- Whistle-blowing
- Supplier Code of Conduct
- Health, Safety, Security and Environmental
- Human Rights

Senior management reviews and approves all our policies. Key information on the above policies is publicly available on our company website and our Corporate Governance report (page 64).

Compliance, corruption, and human rights risks are managed as part of our Enterprise Risk Management (ERM) framework. In this regard, NetLink has established frameworks to guide and ensure our business complies with relevant laws and regulations. Our compliance framework defines key personnel responsible for managing applicable laws and regulatory obligations and requires our HODs to declare their compliance with the laws and regulations every quarter. We have also designated relevant departments to oversee the implementation of our policies, for example, the Procurement department for the supplier code of conduct.

Any potential compliance issues relating to laws and regulations, as well as breaches and grievances relating to the policies will be reported to the Management Risk Committee (MRC), with major issues being escalated to the Risk & Regulatory Committee (RRC) for resolution. Review and disciplinary action may be taken as a result.

The Audit Committee (AC) is responsible for the review of the adequacy and effectiveness of NetLink's controls, including those relating to compliance. This also includes an annual fraud risk assessment aimed at identifying significant fraud and corruption risks in our entire business operations. In FY23, NetLink maintained zero incidents of corruption. Key internal stakeholders are consulted to review and setup safeguards to address and remediate such risks.
The AC also has oversight of the whistleblowing channel, which allows employees, members of the public and other relevant business stakeholders to report any suspected impropriety and/or wrongful doing. All whistleblower complaints will be investigated independently and reviewed by the AC at its quarterly meetings, to determine any appropriate follow-up actions to be taken. We respect and protect the confidentiality of a whistleblower's identity, to the fullest extent practicable, as well as the confidentiality of the details of the concern. In FY23, there were no substantiated critical concerns reported to the AC through the whistleblowing channel, and no significant corruption risks found from our fraud risk assessment. More information on our whistleblowing policy is available in our Corporate Governance report (page 56).

All our employees are briefed and trained on the policies during onboarding and details of these policies are readily available on the intranet. To ensure our employees are kept up to date with the latest laws and regulations, and constantly reminded of the importance of compliance, we conduct regular refresher trainings. For example, all employees must undergo our annual Anti-Bribery and Corruption e-training and acknowledge that they have read and understood the policy. Most of these trainings are held virtually and are supplemented by other publicity reminders such as pop-up posters in the intranet. All our Board members are also briefed on our Anti-Bribery and Corruption policy during orientation and undergo mandatory training on ESG which includes anti-corruption topic.

## Data Security and Privacy

NetLink is a key player in Singapore's progress towards becoming a smart nation and is committed to ensuring that this progress is both sustainable and secure. With intensifying cybersecurity threats, we are cognisant of the greater imperative to protect the personal and confidential corporate data of our employees, business, customers, and partners. We proactively take measures to ensure the security of all our information and information systems.

Information security at NetLink is governed by our Information Security Policy. This is complemented by our Personal Data Protection Policy, which sets out guidelines for collecting, using, disclosing, and retaining personal data.[6] In addition to our Information Technology (IT) policies, we deploy a layered cybersecurity defence framework to build and run a safe and secure business network.

Our multi-layer cybersecurity defence comprises of risk mitigation strategies, cybersecurity programmes, systems, processes, and controls. Our dedicated cybersecurity staff also undergo regular training and track industry updates to ensure that our systems meet the latest requirements and standards in the IT security.

### ENDPOINT SECURITY AND FIREWALLS

- Endpoint security
- Firewalls with built-in threat intelligence
- Web application firewall

### PROACTIVE SCANNING FOR THREATS

- Security Information and Event Management solution to pick up abnormalities and potential intrusions in our computer systems
- Continuous vulnerability scanning and fine-tuning of system alerts

### TRAINING

- Mandatory e-learning courses on cybersecurity and personal data protection annually for all employees
- Frequent reminders on digital policies compliance and cybersecurity vigilance though electronic posters and during townhall meetings

### CHECKS AND AUDITS

- Periodic internal and external audits, including a system penetration test conducted by an independent third party to pinpoint shortcomings in our systems. All vulnerabilities found are reviewed and rectified
- Phishing email simulation exercises to evaluate employees' vigilance and raise awareness on identifying such emails. Results of the exercises are used to curate targeted phishing training content for our employees. Employees who fail the phishing simulation exercises will need to attend additional comprehensive training

[6] Our privacy statement regarding the use of data collected through our website is also available at https://www.netlinknbn.com/privacy_policy.html.


Data Security

# OUR ENVIRONMENT

## Climate Change

The World Economic Forum 2023 Global Risk report highlights that the failure to mitigate climate change is one of the biggest risks to humanity over both the short and long term. NetLink believes that urgent action needs to be taken to lower greenhouse gas (GHG) emissions in both the public and private sectors to curb this risk. On our part, we are committed to take steps to reduce energy use and corresponding GHG emissions in our own operations and supply chain.

We have focused our energy efficiency efforts on our COs operations, where a large portion of our energy use is spent for cooling. Our new CO, which is due to be operationally ready in 2024, has been designed with sustainability in mind in accordance to BCA-IMDA Green Mark for New Data Centre 2019 Standards. Some initiatives for the new CO include passive design to reduce heat absorption and maximise day lighting, use of low carbon and recycled materials, high-efficiency chiller systems, hot and cold aisle containment system and charging points for electric vehicles.

Within our operational COs, NetLink embarked on LED replacement in FY23. We are also progressively changing our chillers to more energy-efficient models, in line with our asset renewal cycles, and installing detection systems to detect refrigerant leaks, a source of Scope 1 emissions. While our feasibility assessment shows that solar PV installation at our COs is not feasible and cost-effective due to current site constraints, we will continue to look for alternative renewable energy options.

In addition to our ongoing CO initiatives, we are also planning the progressive electrification of our company vehicle fleet.

**ENERGY CONSUMPTION**

| Energy | Unit | FY23 | FY22 |
|---|---|---|---|
| **Total energy consumption within the organisation** | MWh | **1,652** | **2,189** |
| Electricity | MWh | 1,018 | 1,032 |
| Diesel[a] | MWh | 634 | 1,157 |
| **Energy intensity**[b] | MWh per connection | **0.0011** | **0.0014** |
| Purchased RECs[c] | MWh | 224 | 189 |
| **Total energy consumption outside of the organisation**[d] | | | |
| Electricity | MWh | 55,593 | 56,170 |

[a] The diesel conversion factor for L to MWh used were derived from the UK Department for Environment, Food and Rural Affairs (DEFRA) environmental reporting guidelines.
[b] This is the first year we are reporting energy intensity. It covers total energy consumption within the organisation over total number of end-users / connections for residential, non-residential, NBAP and segment.
[c] For two of our leased premises, the electricity costs were included as part of the rental packages. In these cases, the electricity supply was provided by the landlord, who had also procured RECs to compensate 100% of the electricity consumption of its buildings.
[d] Electricity used to power co-location rooms where our customer equipment is maintained and electricity consumed by customers who had leased our CO spaces, which corresponds to our Scope 3 downstream leased assets emissions.

In FY23, we recorded 537 MWh reduction in energy use and overall 31% (279 $tCO_2e$ Scope 1 and 20 $tCO_2e$ Scope 2 market-based electricity) reduction in Scope 1 and 2 GHG emissions as compared to FY22 (baseline year). This is largely due to a reduction in refrigerant and diesel top up in our COs which is on a need-to basis and thus fluctuate yearly. Whilst the current year reduction may not be reflective of NetLink's overall decarbonisation trajectory, we will continue to strive for continued and sustained emission reduction in our operations with the decarbonisation initiatives described above.

Based on our assessment, Scope 3 emissions form most of our emissions. This emission is attributed mainly to electricity used by our customers' equipment in the COs. We plan to step up engagement with our CO customers to explore opportunities to reduce such energy use. We are currently working on completing the remaining applicable categories within our Scope 3 emission inventory to obtain a better understanding of the available energy and GHG reduction levels for Scope 3. More details on our supply chain management efforts to collect Scope 3 emission data are found on page 97.

## GHG EMISSIONS

| Emissions[e] | Unit | FY23 | FY22 |
|---|---|---|---|
| **Total emissions for Scope 1 and 2** | $tCO_2e$ | **664** | **963** |
| Scope 1[f] | $tCO_2e$ | **340** | **619** |
| Refrigerants | $tCO_2e$ | 180 | 326 |
| Vehicles (diesel consumption) | $tCO_2e$ | 77 | 83 |
| Generators (diesel consumption) | $tCO_2e$ | 83 | 210 |
| Scope 2[g] | $tCO_2e$ | **324** | **344** |
| Electricity (location-based) | $tCO_2e$ | 415 | 421 |
| Electricity (market-based) | $tCO_2e$ | 324 | 344 |
| GHG emissions intensity[h] | $tCO_2e$ per connection | 0.00049 | 0.00068 |
| Scope 3[i] | $tCO_2e$ | 37,936 | 33,372 |
| Category 3: Fuel and energy-related activities | $tCO_2e$ | 60 | 61 |
| Category 5: Waste generated from operations | $tCO_2e$ | 15,182 | 10,366 |
| Category 7: Employee commuting[j] | $tCO_2e$ | 12 | 28 |
| Category 13: Downstream leased assets[k] | $tCO_2e$ | 22,682 | 22,917 |
| Total emissions for scope 1, 2 & 3 (market-based) | $tCO_2e$ | 38,600 | 34,355 |

[e] NetLink reports its GHG emissions data in accordance with the GHG Protocol Standard and uses the operational control approach to consolidate GHG emissions data. The emission factors used were derived from the UK Department for Environment, Food and Rural Affairs (DEFRA) environmental reporting guidelines, which is aligned to the Intergovernmental Panel on Climate Change's (IPCC) approach to calculating GHG emissions and is one of the third party databases recognised by the GHG Protocol. For our Scope 2 emissions calculations, the grid emission factor reported by Energy Market Authority of Singapore is used. Our GHG emissions profile represents the total emissions in all owned and leased premises used for NetLink's operations. Our GHG emissions calculation base year is FY22, the first year for which we have estimated emissions.

[f] Scope 1 emissions include direct emissions from refrigerants and fuel from back-up generators in NetLink's properties, as well as fuel from NetLink-owned vehicles. Though Scope 1 emissions have decreased in FY23 when compared to FY22, due to the reduction of refrigerant and diesel top up in our COs which is on a need-to basis and thus fluctuate yearly, this may not be reflective of NetLink's overall decarbonisation trajectory. NetLink will continue to strive for continued and sustained emission reduction in our operations.

[g] Scope 2 emissions include indirect emissions from electricity consumed at NetLink's owned and leased premises used for NetLink's operations. Estimates were made when electricity bills were not received. NetLink also discloses its electricity consumption using market-based and location-based approaches. The former accounts for the application of purchased RECs.

[h] This is the first year we are reporting GHG emissions intensity. It covers scope 1 and 2 GHG emissions over total number of end-users / connections for residential, non-residential, NBAP and segment.

[i] Scope 3 emissions include fuel and energy-related activities, waste, employee commute and downstream leased assets.

[j] Employee commuting was based on an employee survey conducted. 82% of NetLink employees took part in the survey and the numbers reflected have been averaged and pro-rated to reflect 100% of employees.

[k] Scope 3 emissions from downstream leased assets correspond to electricity used to power co-location rooms where our customer equipment is maintained, as well as electricity consumed by customers who had leased our CO spaces.

## Building Our Climate Resiliency

Building on our climate change risk assessment work for the last two years, NetLink has formally adopted the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to guide our reporting and assessment. With our climate-related disclosures, we seek to provide our stakeholders with a better understanding of both the transition and physical risks that affect our operations, as well as our management approach and strategy to address the resulting financial impact.

### GOVERNANCE

NetLink's Board and senior management oversee, assess, and manage climate-related risks and opportunities within its broader sustainability and ESG risks governance. As part of the SSC, the senior management oversees the risk assessment process to identify the pertinent climate-related risks and opportunities and reports the findings to the Board. In addition, the Risk and Regulatory Committee (RRC), through NetLink's Enterprise Risk Management (ERM) framework, also exercises oversight of our climate risk management, including reviewing the effectiveness of controls and providing advice to the larger Board on the climate risk management strategy with support from the SSC.

The SSC members' remuneration is also tied to NetLink's performance against relevant ESG targets, which include decarbonisation progress.

### STRATEGY

In FY23, we conducted our first climate scenario analysis, which assesses the potential business and financial impacts of climate change, under two different timeframes and temperature scenarios. We have started with a qualitative approach focusing on the direct impacts of climate change risks to NetLink's operations in Singapore. The approach seeks to identify the climate change risks that are expected to have a relatively higher impact on NetLink for prioritisation of our mitigation strategy and measures. We plan to quantify select risks next year.

| DRIVER | | RELATIVE RISK IMPACTS | | | |
|---|---|---|---|---|---|
| | | BY 2030 | | BY 2050 | |
| | | 1.5°C | >3°C | 1.5°C | >3°C |
| Physical risks | • Increased flash flood from extreme precipitation | | | | |
| | • Rising sea levels | | | | |
| | • Increase in heatwaves and extreme temperatures, and rising mean temperatures | | | | |
| | • Water scarcity (increased drought risk) | | | | |
| Transition risks | • More stringent regulations and standards for green buildings, products, and services | | | | |
| | • Increasing market demand for ICT services (resulting in increased emission from network expansion outstripping NetLink's decarbonisation rate) | | | | |
| | • Increase in carbon pricing | | | | |

Relatively more significant

Relatively less significant

Note:
Relative impacts of the shortlisted climate risks for NetLink were assessed qualitatively through a bespoke risk assessment approach to identify potential high impact risks for further quantitative assessment.

Out of the identified physical climate risks considered for qualitative scenario analysis, flash flood risk is expected to have a relatively higher impact on NetLink. We currently have a number of flood adaptation measures in place to ensure service resiliency. We will continue to incorporate flood adaptation as part of our design consideration while developing new and retrofitting of existing infrastructure. Under the higher warming (>3°C) scenario in year 2050, increased heatwaves and extreme temperatures may also affect the safety and productivity of NetLink's outdoor work, potentially increasing our manpower requirement. The higher temperatures will also increase the cooling requirement in our COs. Our ongoing chiller upgrades to more energy-efficient models will help moderate cooling energy cost increases and maintain our service levels within the leased and co-location spaces.

### NETLINK'S FLOOD MITIGATION AND ADAPTATION STRATEGY

**Central Offices (CO)**
We regularly review our CO locations against the latest flood-prone area information. Currently, we do not have any COs found in flood-prone areas. Existing flood protection measures at our COs include elevating equipment rooms from ground level, installing sump pumps and regular clearing drains and gutters, and deploying mobile flood barriers.

**Fibre Cable Network**
Our fibre cables and ducts are made of materials that generally will not be damaged on water exposure. Nonetheless, we do incorporate flood risk consideration during planning for our cable routes.

Transition risks are expected to become more significant by year 2050, as we anticipate a need to expand our fibre network infrastructure to meet future data demand. Against a backdrop of projected increasingly stringent green building, products, and services requirements, we expect to incur additional green construction cost premium. The significance of the financial impact from the green construction cost premium will need to be validated as part of our quantitative scenario analysis next year. The Singapore Government recently announced an initiative to develop a new digital connectivity blueprint. The plan includes the development of future-ready broadband, mobile and Wi-Fi infrastructure to support the full-scale upgrade of the NBN that will deliver internet speeds of up to 10Gbps. In support of the Government plan, NetLink expects the upgrade of fibre broadband network will result in more power consumption in COs and consequentially, increase NetLink's Scope 3 carbon emissions. We plan to mitigate and manage this by building close partnerships with our key suppliers and contractors to identify measures to reduce the carbon footprint of our fibre network construction.

Although NetLink's direct operations contribute only a small portion of the energy use within our COs, we recognise that we have an important role as the landlord to facilitate our customers' sustainability progress through our buildings' energy and water efficiency improvement efforts. This is most pertinent within our legacy COs. Therefore, we are committed to partner our customers to seek mutually beneficial opportunities to lower both their Scope 2 emissions and our own Scope 3 emissions.

## RISK MANAGEMENT

NetLink identifies and manages climate-related risks as part of our overall ERM framework. In FY23, with the guidance of an external consultant, we also conducted a workshop to identify and shortlist the relevant climate-related risks and opportunities to be prioritised for further assessment. Members of the SSC and other senior management attended the workshop. The results of the qualitative climate change scenario analysis will be updated to our climate change risk register which is reviewed at least annually.

Within our ERM framework, climate risks will be categorised into Tier 1 or 2 risks based on their magnitude of impact and likelihood of occurrence after considering identified mitigation measures. For physical risks affecting our COs and fibre network, our management approach focuses on minimising the potential impact of any flooding since such infrastructure cannot be readily moved. We regularly review the latest flood-prone area information to determine the need for additional action.

## METRICS AND TARGETS

NetLink's Scope 1, 2 and 3 GHG emissions and targets have been presented in pages 82, 92 and 93. Majority of our total GHG emissions are Scope 3 emissions. We currently report Scope 3 categories 3, 5, 7 and 13 and are working to develop a more complete Scope 3 inventory.

NetLink also tracks the amount of waste generated and has a waste reduction goal (see pages 82 and 96). GHG emissions from waste disposal (Scope 3 category 5) currently contributes 39% of our total GHG emissions.

# Waste Management

Given Singapore's land constraints, there have been calls for collective action to reduce waste generation to extend the lifespan of Singapore's only landfill at Pulau Semakau, which is currently expected to be filled by 2035. Waste incineration also contributes to the generation of air pollutants and GHG emissions. In line with Singapore's Zero Waste Masterplan aspirations, NetLink strives to reduce waste disposed from our operations through a combination of digitalisation and exploration of potential recycling initiatives.

## FIBRE WASTE

NetLink's two major sources of waste are fibre scraps (excess cable from fibre cable installation that are too short to be reused) and recovered used fibre cables from diversion projects (cable diversion is required, for example, due to road works or building demolition). These fibre scraps and recovered cables cannot be reused and are disposed.

**TOTAL FIBRE WASTE DISPOSED**

| TONNES | FY23 | FY22 | FY21 |
|---|---|---|---|
| **Fibre scrap** | 31 | 17 | 19 |
| **Recovered fibre cables** | 682 | 470 | 195 |
| **Total fibre waste (recovery + scrap)** | **713** | **487** | **214** |

Total fibre waste generated in FY23 have increased from the previous year largely due to an increase in recovered fibre cables from more diversion projects. The increase in fibre scrap was due to more fibre cable installations completed in FY23.

To minimise fibre scrap generation, calculations are made to optimise the length of fibre cable required for each installation work and only the best fit length will be issued to the contractors. Upon the completion of installation, any balance unused fibre cables are returned to NetLink for future use where possible. As a result of these efforts, NetLink has kept the proportion of fibre scrap generated within target at 2.2% of total fibre cables issued in FY23.

In FY23, NetLink has also collaborated with our supplier to trial a new initiative to recycle our fibre waste and it has shown encouraging result. This is being done by segregating steel from fibre cable disposed. By recycling steel, which has a higher emission factor when incinerated, we could potentially reduce both the amount of waste disposed and the carbon footprint of our waste management activities. This initiative is in its early trial stage and the implementation needs to be further evaluated.

Waste produced from our operations is disposed in accordance with relevant laws and regulations. We engaged a National Environment Agency (NEA) licensed waste vendor to collect and weigh the fibre waste before disposal at the NEA approved incineration facility where the ashes will then be sent to the landfill. A certificate of disposal is provided as proof of incineration.

## OTHER WASTE

Though less significant, waste produced from our office activities is another waste stream that NetLink strives to manage well to reduce unnecessary waste.

We have identified several waste streams contributing to our overall office waste. These were mainly waste from paper use and provided bottled water. We identified manual processes that can be digitised to reduce paper use before rolling them out. Our efforts to replace physical documents with electronic documents (for example, by implementing e-signatures, using bank transfer instead of paper cheque or emailing plan maps to customers instead of printed copies) have yielded a significant reduction in paper use by 50% to 75% between 2020 to 2022 when compared to the base year of 2018 to 2019. In addition, NetLink has also stopped the provision of bottled drinking water in meeting rooms to reduce plastic waste and encouraged staff to use their mugs or water bottles instead.

NetLink carries out annual awareness campaigns to remind our staff on the importance of waste reduction and encourage them to do their part to be good stewards of the environment. Our staff can also provide suggestions for waste reduction initiatives, which will then be reviewed with the relevant department for feasibility of implementation.

Waste generated from our office, including those designated for recycling, is disposed or recycled as part of our building landlord's waste management system, and the data is not available. Likewise in our COs, bulk of waste generated correspond to our customers' waste which is handled by our customers and data is not available.

## Water Consumption

As part of NetLink's impact materiality assessment in FY23, we conducted a water footprint assessment and identified a notable usage of potable water in our COs. Potable water is purchased from the Public Utilities Board (PUB) primarily for cooling of our COs facilities. The used water is discharged as wastewater into the municipal sewerage system.

While our water consumption is relatively low compared to other water-intensive industries, we acknowledge that water is an important and scarce resource in Singapore due to the country's limited freshwater resource. Therefore, NetLink believes that being a good corporate citizen would also include being a good steward of water resource.

In FY23, NetLink withdrew 75,240m$^3$ of potable water from PUB; 75,135m$^3$ were withdrew for use in our COs whereas the remaining 105m$^3$ were used at our corporate offices[7]. This is the first year we are tracking our water consumption. In FY24, we aim to conduct a water assessment to identify water saving opportunities with a view of establishing water consumption reduction target in the coming years. This will add on to our existing measures of daily inspection at our COs, and our ongoing chiller replacement which also take into consideration water efficiency besides energy.

## Sustainable Supply Chain

The topic of sustainable supply chains is on the rise as businesses consider not just the impact of their own business operations but also of their entire value chain. NetLink's main suppliers are fibre cables manufacturers and local contractors carrying out the construction and maintenance work for our fibre network infrastructure. Environmental and social impacts associated with sourcing, manufacturing, and transportation of purchased fibre cables, GHG emissions from construction and maintenance activities, as well as the treatment, welfare and safety of our contractors' workers are some examples of NetLink's supply chain-related impacts.

We have in place a Supplier Code of Conduct, which all our suppliers and contractors are required to abide by as part of their contracts. The Supplier Code of Conduct includes clauses to minimise environmental and social impacts, such as compliance with environmental laws, upholding of human rights and prohibition of discriminatory practices. All suppliers and contractors must also abide by NetLink's zero-tolerance stance on corruption, requirement to act ethically and observe all relevant laws and regulations in their operations. Besides our whistleblowing channel, our Supplier Code of Conduct also stipulates an additional contact point for suppliers and contractors to notify NetLink of any non-compliance issues and steps that will be taken to rectify and prevent future non-compliances. There were no critical concerns raised to the Board from this reporting channel in FY23.

In addition, all new key suppliers and contractors are screened via a thorough selection process which includes environmental and social criteria prior to contract award. Key fibre suppliers and contractors require a bizSAFE 3 certification (for Singapore companies) and ISO certifications (or equivalent) on occupational health and safety and quality management system. We also require an ISO certified (or equivalent) environmental management system for our suppliers' manufacturing facilities where relevant.

NetLink currently conducts annual self-assessment for key suppliers and contractors to gauge the quality of their products and services, such as product quality, service quality, time delivery and responsiveness. Based on the results, NetLink provides suppliers and contractors with improvement feedback. We also conduct random spot checks and inspections on our contractors for compliance with health and safety and environmental (pollution control) regulations. In FY23, a total of 714 inspections were conducted. While no lapses in environmental compliance were observed, any health and safety findings were rectified following discussion with the affected contractors after the inspection. More details can be found on page 99 on our efforts in managing the health and safety impact on our contractors in the course of their work for NetLink.

In FY23, NetLink started engagement with our key contractors to collect information to estimate Scope 3 emissions from various contractor activities such as transportation, use of water pumps and power generators. We are reviewing the collected data for quality and completeness to make reasonable estimates of our Scope 3 emissions. We have also laid out processes to collect required data to estimate Scope 3 emissions from our new CO construction. We plan to continue our engagement with our suppliers, contractors and also our CO customers to form a more complete picture of our Scope 3 emissions in order to inform targeted mitigation actions. During these engagements, we are also on the lookout for opportunities to form partnerships to mitigate our GHG emissions and reduce waste (see page 96).

[7] Some of the water withdrawn is consumed for drinking, cleaning, irrigation or evaporative losses in cooling towers. The amount of water consumed for these uses are not tracked.

# OUR PEOPLE AND COMMUNITIES

## Health and Safety

At NetLink, we place the highest priority in protecting the occupational health and safety (OHS) of our employees and all those working on our behalf to build, connect and maintain our network. Recognising our employees and contractors' potential exposure to health and safety risks when constructing and maintaining our fibre broadband network, we have implemented a series of robust internal controls and safety measures to manage and mitigate health and safety risks.

NetLink's ISO 45001- certified OHS Management System (OHSMS), which includes our Health, Safety, Security and Environment (HSSE) policy and OHSMS Manual, outlines the important processes and steps taken to mitigate potential health and safety impacts. These measures cover all workers working on our premises and projects and are reviewed by the HSSE committee and kept up to date by HSSE officers. To maintain the quality of the OHS programme, designated HSSE officers ensure that it meets the ISO45001 requirements through periodic planned internal and external audits.

NetLink's HSSE committee, which is overseen by our CEO and led by Senior Director, comprises representatives from operation departments, HSSE officers and other corporate functions. The committee meets monthly and is responsible for overseeing, developing, implementing, monitoring performance of and updating all OHS practices at our business operations. NetLink's employees and other workers may provide feedback on safety matters to the HSSE committee through the department representatives or HSSE officers directly or indirectly through their supervisors.

In recognition of our efforts, we retained our bizSAFE and bizSAFE Partner certifications by WSH Council.

### HAZARD IDENTIFICATION, RISK ASSESSMENT, AND INCIDENT INVESTIGATION

NetLink takes a risk-based approach to identify and assess the potential OHS risks that may result in injury or ill-health in the workplace. We have standard operating procedures that provide the overarching guidelines for employees to implement control measures, eliminate hazards and report and investigate incidents. These procedures are reviewed regularly to ensure that we manage and tackle future health and safety risks.

#### HAZARD IDENTIFICATION, RISK ASSESSMENT AND DETERMINING CONTROLS PROCEDURE

Prior to each activity, a risk assessment is conducted to identify the related hazards and risk mitigation measures. As part of the risk assessment, the procedure stipulates the use of a hierarchy of controls to manage OHS risks, starting with elimination, substitution, and mitigation of risks, before protection using Personal Protective Equipment (PPE) against the remaining hazard is considered. Required PPE are provided to our employees whenever needed.

Under our OHSMS manual, our stop work policy allows our employees and contractors' workers to initiate a stop work and remove themselves from situations which they believe could cause injury or ill health. Workers who report or remove themselves from OHS hazards are protected against reprisal under our Whistleblowing Policy.

All our risk assessment is conducted by trained personnel and approved by our HOD or appointed designee before work can commence. With an iterative process, we seek to further identify areas of improvement in our risk assessments by assessing OHS opportunities which can enhance our OHS performance.

### INCIDENT REPORTING AND INVESTIGATION PROCEDURE

Aside from reporting near misses and unsafe practices to their NetLink supervisors, our employees and contractors can also use an online form in our corporate website, as well as through our whistleblowing channel. The online form and whistleblowing channel are also available to the public.

Employees are required to report work-related incident to their supervisors immediately. An incident report is completed by the supervisor and submitted to HOD and HSSE officer within the next working day. All incidents will be investigated by a team comprises HOD, HSSE officer and the supervisor-in-charge. HOD will communicate the details and action taken on the incident, including improvements in process / activity / operating procedure / OHS risk assessment to all workers including those involved in the incident.

### TRAINING AND AWARENESS

In order to build a strong safety culture across our operations, NetLink takes an active approach in raising awareness of health and safety among our employees. Upon joining, new employees are introduced to the HSSE Policy, OHSMS Manual and emergency response plans while additional training is given to those working in high-risk activities, such as work in confined spaces or work from height. The HSSE Policy, OHSMS Manual and associated documents are accessible to our employees at all times through the intranet. NetLink also put up physical HSSE posters in our office and broadcasts safety messages to our employees through email, to further raise awareness on key safety principles in the workplace.

### MANAGING CONTRACTOR HEALTH AND SAFETY

NetLink believes that we have a responsibility to also promote the OHS of our contractors' workers who are exposed to safety and environmental risks when building and maintaining our fibre network. These contractor workers are performing work at our premises (e.g. COs) and public areas (e.g. public roads). Hence, we expect our key contractors to have an effective OHS programme (e.g. ISO 45001) in place to promote workplace health and safety. We also ensure the contractors working at our COs adhere to the mandatory health and safety management system.

The following controls are required to be followed by all contractors to minimise health and safety risks:

- Comply with all applicable laws and regulations such as the Workplace Safety and Health (Confined Spaces) Regulations 2009 and Workplace Safety and Health (Work at Heights) Regulations 2013
- Attend the necessary safety courses and provide adequate safety equipment to the workers
- Have full-time site supervisors with relevant certifications
- Ensure that workers are covered by health insurance as required by law, under the WICA
- Take full responsibility for the safety of all site operations and methods of construction by meeting NetLink's and local authorities' permit to work (PTW)
- Conduct toolbox briefing which covers OHS matters
- Minimise potential health hazard through good housekeeping practice, such as removing debris from construction sites and sealing keyholes of manhole covers to prevent the breeding of mosquitoes

To ensure that contractors comply with all our strict internal controls and safety standards we conduct random OHS inspections on our worksites. The findings from these inspections are reported and shared with the contractors to help them further implement safety measures and internal controls. Follow up inspections are also conducted to ensure that the findings have been rectified. More information on our inspection findings for FY23 are found in page 97.

### HEALTH AND SAFETY PERFORMANCE

NetLink's health and safety performance covering all our employees, our temporary workers and our contractors[8] are shown below.

As a result of our comprehensive policies and strong commitment towards operational health and safety, there were zero work-related incidents that resulted in fatality or permanent disability in FY23.

| | FY23 | FY22 | FY21 |
|---|---|---|---|
| Number of workplace fatalities (including from work-related ill health) | 0 | 0 | 0 |
| Number of high-consequence work-related injuries[a] (excluding fatalities) | 0 | 0 | 0 |
| Number of recordable work-related injuries[b] | 0 | 1 | 1 |
| Recordable injury rate[c] ( per 1 million hours worked) | 0 | 1 | 1 |
| Number of occupational disease cases[d] | 0 | 0 | 0 |
| Number of hours worked | 876,708 | 894,309 | 1,007,552 |

Note:
[a] We refer to the Ministry of Manpower's definition of major injuries as described here https://www.mom.gov.sg/faq/wsh-act/what-are-major-injuries and-minor-injuries. Example of potential work-related hazards that might pose a risk of high-consequence injury for the activities carried out by NetLink and our contractors include working at height, traffic accident, work in confined space.
[b] We refer to the Ministry of Manpower's definition of minor injuries, which are non-severe injuries with any instances of medical leave or light duties.
[c] Recordable injury rate refers to (number of recordable work-related injuries)/(number of working hours worked) x 1,000,000.
[d] Potential work-related hazards that may contribute to occupational disease cases include repetitive movement or heavy lifting contributing to musculoskeletal disorder, and exposure to loud noises such as in the plant chiller room.

## Talent Retention, Training and Development[9]

NetLink believes that employees are our most valuable asset. Preserving a diverse, skilled and experienced workforce is crucial in our continual provision of high-quality products and services in a sustainable manner, which in turn allow our customers and the broader communities to enjoy the benefits of a robust and reliable fibre broadband connectivity. To achieve this, we have established Human Resource (HR) policies and practices covering areas such as competitive remuneration packages, personal and professional development opportunities, employee well-being and protection from discrimination.

### EMPLOYEE WELL-BEING AND DEVELOPMENT

Caring for our employees' physical and psychological well-being is integral to the attraction and retention of talent. We have implemented various practices, initiatives, and programmes to ensure our employees feel cared for, valued, and engaged with the company. Our efforts pertaining to the protection of health and safety of our employees have earlier been outlined in pages 98 to 99.

### REMUNERATION AND BENEFITS

Guided by our Recruitment Guidelines, NetLink continues to offer market competitive salaries in order to attract and retain qualified individuals. Our remuneration and benefits are formulated with inputs from market surveys and engagements with professional HR consultancies. In addition, 27% of our eligible employees[10] (as of 31 March 2023) are covered by the Union of Telecoms Employees of Singapore (UTES) Collective Agreement, which safeguards their interests and well-being during compensation negotiations. We made sure that our employees who are not covered by a collective agreement (CA) still enjoy working conditions and terms of employment comparable with those covered under the existing CA.

Our permanent and contract employees receive the same array of benefits including Group Insurances (Term Life, Personal Accident, Outpatient Clinical and Dental, Hospitalisation & Surgical), Maternity Leave, Family Care Leave, re-employment and retirement benefits. In addition, permanent employees receive

[8] These refer to resident contractors: security personnel, cleaners and managing agents.
[9] The disclosures in this section cover our employees in Singapore. Singapore is our significant and only location of operation.
[10] In Singapore's law, only certain employees are covered by CA, i.e. in a bargainable position. In NetLink, about 60% of our employees are bargainables, which means they can join the Union. Of this 60%, 27% are unionised.

Group Outpatient Specialist coverage and biennial health screening. All staff including temporary employees have coverage under WICA and leave benefits as required by law.

Our employees' compensation packages are reviewed annually as part of our annual performance review process. This year 100% of our employees participated in our annual performance review process.

Annually NetLink participates in market surveys and reviews our benefits by engaging HR consultancy services to ensure that the remuneration and benefits offered to employees are on par with the market.

## TRAINING

NetLink is also vested in upskilling our employees. Ensuring that our employees receive ample learning and development opportunities is integral to build our human capital and improve our capabilities to adapt and execute our role as a telecommunications infrastructure provider in the rapidly evolving Information & Communications Technology (ICT) industry. Throughout the year, our employees can attend various in-house and external training courses relating to soft and technical skills. We have adopted a competency-based learning approach in rolling-out on-site and online learning programmes that are aligned to our organisational competency frameworks, to boost our employees skills development.

In addition, we offer educational assistance to eligible employees seeking further education through our Education Assistance Programme. NetLink also have a retirement and re-employment policy, under which we offer continued employment to employees who have reached the statutory retirement age but wish to continue working. These employees will be provided with retraining if necessary to allow for their continued employment.
In FY23, NetLink achieved total training hours of 5,864 at an average of 17.3 training hours per employee. Despite the reduction in average training hours compared to FY22 due largely to the conclusion of our subscription to LinkedIn Learning online learning platform and the resumption of onsite trainings by training providers, our training spent in FY23 has actually increased. Moving forward for FY24, NetLink will be offering a different online learning platform to our employees to support their skills development.

## ENGAGEMENT

We regularly provide business and operational updates to our employees, as well as identify any concerns to be addressed, via company-wide townhall meetings, department and team meetings during the year. To gauge the effectiveness of our employee engagement programmes and identify areas of improvement, we appoint an external consultant to conduct an employee engagement survey biennially.

Our Listening Ear programme is into its second year and this is another avenue for direct communication where our employees can candidly share their views, feedback or concerns about work. Since its launch in FY22, we have received useful insights and learned of important issues faced by staff in our business operations which we have taken to heart and taken steps to address them where appropriate.

## LISTENING TO OUR EMPLOYEES' FEEDBACK

In FY23, following feedback received from our employee engagement survey as well as our Listening Ear programme, we have implemented the following initiatives:

Team building programme will be held in FY24, which will complement our existing team bonding initiatives.

HODs will conduct regular engagement and communication sessions with their staff.

Middle management breakfast meeting with CEO and CFO, where middle management will get a chance to obtain updates on the company's priorities and strategies, and also provide feedback, suggestions and ask questions.

## WELL-BEING

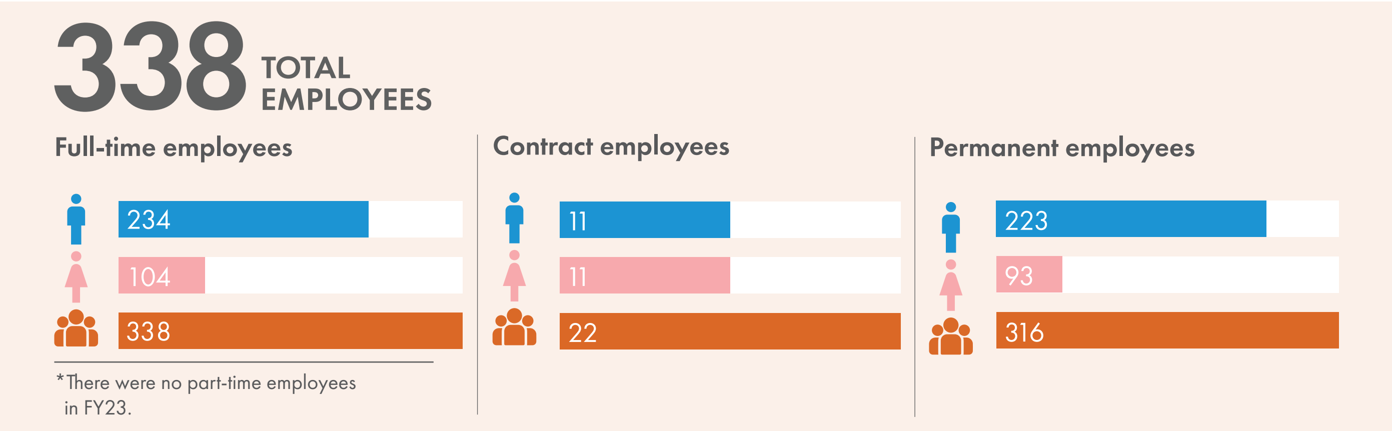
We also recognise the importance of employee mental well-being. Hence, we actively seek to promote the mental well-being of our employees. This year, during our annual Learning Week, we have run a mental wellness programme under the umbrella of the Health Promotion Board's mental health initiatives. In conjunction with this, we have implemented a hybrid work arrangement that provides more flexibility for staff and provided care packages for employees tested positive for COVID-19[11] to help maintain their well-being. We have also reinstated our monthly fruit day, which was suspended due to COVID-19. In addition, at one of our COs, we piloted a vendor rest area where our vendors, cleaners and security guards can have their meals and enjoy their breaks. Upon positive reception of the pilot initiative, we will be implementing similar rest areas at the other COs.

## EMPLOYEE PROFILE

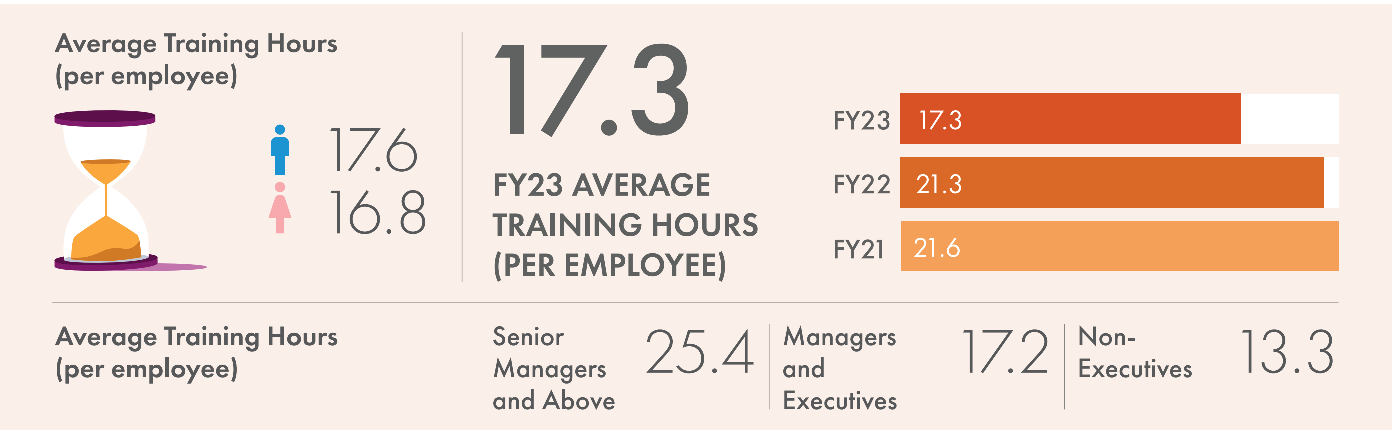
As of 31 March 2023, NetLink has 338 permanent and contract employees. During the year, our hiring rate was 16.9% and our turnover rate was 21%. For FY23, our turnover rate of 21% is higher compared to the High-Tech industry average turnover rate of 18.6%. This was partially affected by external factors such as market demand and supply for labour. For FY24, NetLink will monitor our employee retention and engagement performance, and act on the feedback from our biennial employee engagement survey to improve the turnover rate.

In addition to our employees, NetLink is also supported by temporary workers who perform administrative duties for our corporate office and COs. As of 31 March 2023, we have 3[12] temporary workers, and also have 2[12] interns whom we provide training to augment what they learned in their institution.

## NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT[13] BY GENDER




## OVERALL AVERAGE TRAINING HOURS, AVERAGE TRAINING HOURS BY GENDER AND BY EMPLOYEE CATEGORY




[11] With the easing of the COVID-19 pandemic situation in Singapore, we provided care packs for employees with COVID-19 up to 31 December 2022 only.

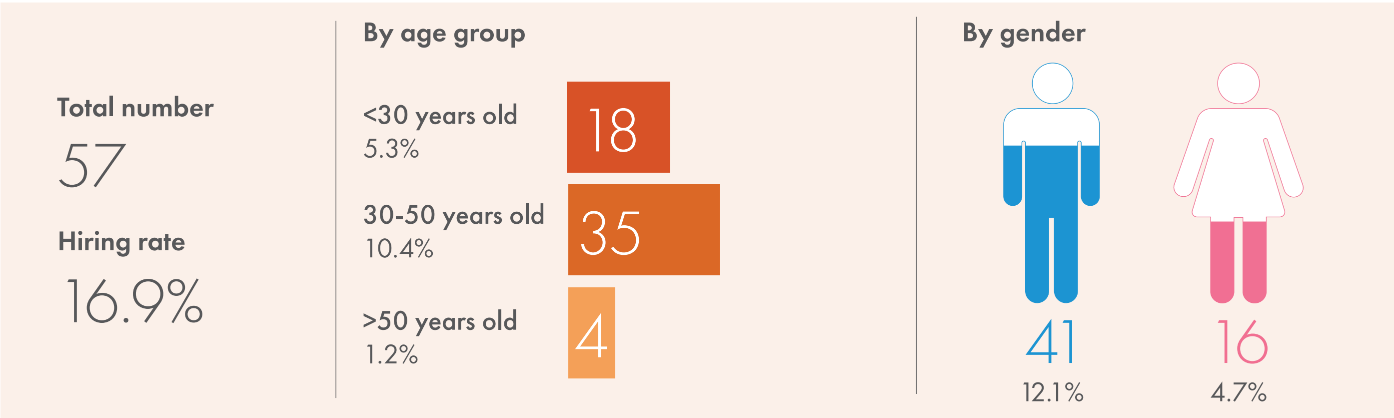
[12] Temporary workers are either hired directly by NetLink or via 3rd party agencies. Interns are placed directly by NetLink. This is the first year that NetLink is reporting data on the number of workers who are not employees.

[13] Employee numbers are reported for our significant location of operation in Singapore. Employee numbers are based on head count as of year-end FY23 There was no significant fluctuation in numbers compared to FY22.

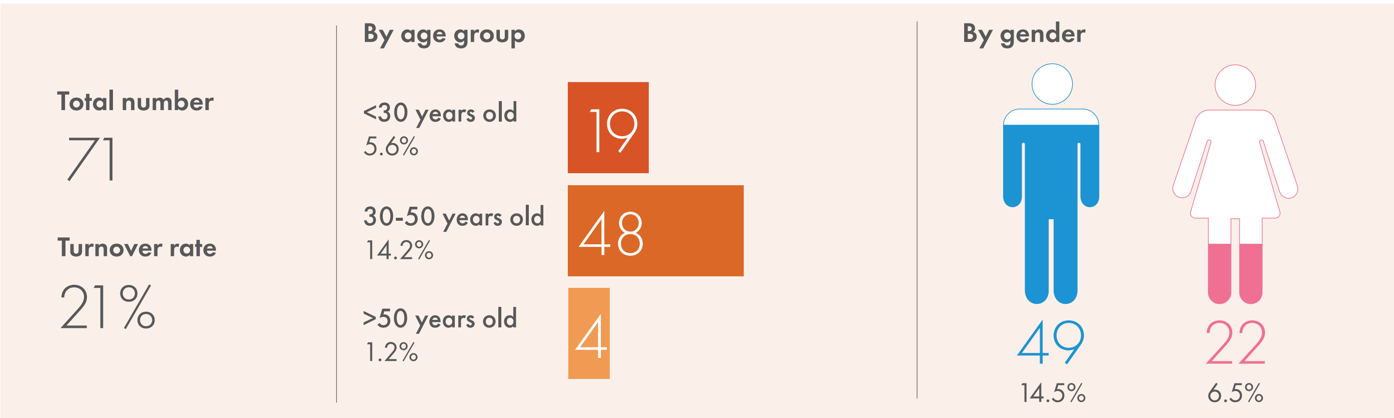
## OVERALL NEW HIRE AND TURNOVER RATES

| RATE (%) | FY23 | FY22 | FY21 |
|---|---|---|---|
| Overall new hire rate | 16.9% | 15.1% | 13.5% |
| Overall turnover rate | 21% | 15.4% | 6.6% |

## TOTAL NUMBER AND RATE OF NEW HIRES BY AGE GROUP AND BY GENDER




## TOTAL NUMBER AND RATE OF TURNOVER BY AGE GROUP AND BY GENDER



# Diversity and Equal Opportunity

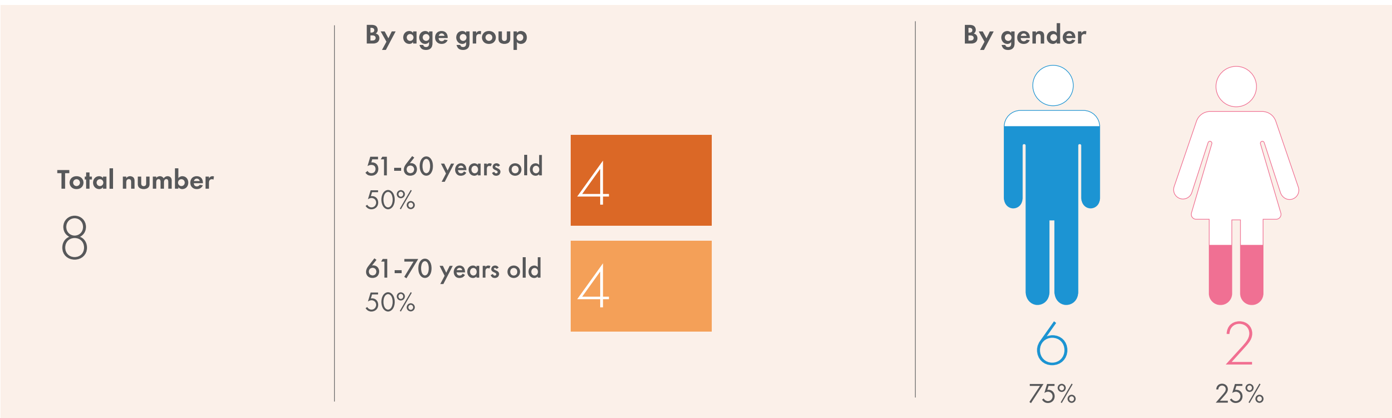
NetLink is committed to developing a diverse and inclusive workforce that allows us to deliver greater impact on local communities while driving business success through varied skills and perspectives. We endeavour to promote a workforce that is free from discrimination or harassment by providing fair opportunities for all based on merit.

As of 31 March 2023, we have 234 male employees and 104 female employees, which is equivalent of a ratio of 69% male to 31% female of the total workforce. Most of NetLink's employees fall within the 30 - 50 years old bracket, making up 73% of the workforce. At the Board level, female Board members make up 25% of the Board. Our Board diversity policy is elaborated in more details in page 44.

Our employee grievance policy sets out the procedures in reporting and managing grievances, including discrimination. To keep our employees informed, this policy is communicated to all new joiners during staff orientation and can be accessed through the intranet. Under this policy, employees can share their grievances either with the HR department, HR director or their HODs, who will review and seek an appropriate settlement. All issues raised will be treated with utmost confidentiality and any employee who raised a grievance are protected from reprisal under the grievance procedure.

In FY23, we are pleased to continue to maintain no reported incidents of discrimination.

### BOARD OF DIRECTORS BY AGE AND GENDER



## EMPLOYEE CATEGORY BY AGE AND GENDER

| Category | Total number | <30 years old | 30-50 years old | >50 years old | Male | Female |
|---|---|---|---|---|---|---|
| **All employees** | 338 | 42 (12.4%) | 247 (73.1%) | 49 (14.5%) | 234 (69.2%) | 104 (30.8%) |
| **Senior Managers and above** | 79 | 0 (0%) | 54 (68.4%) | 25 (31.6%) | 52 (65.8%) | 27 (34.2%) |
| **Managers and executives** | 105 | 4 (3.8%) | 91 (86.7%) | 10 (9.5%) | 74 (70.5%) | 31 (29.5%) |
| **Non-executives** | 154 | 38 (24.7%) | 102 (66.2%) | 14 (9.1%) | 108 (70.1%) | 46 (29.9%) |

# Connecting the Nation

As the dominant owner and operator of the largest passive fibre network infrastructure in Singapore, our extensive, island-wide network has become a pillar of the nation's digital ecosystem by enabling essential internet connectivity services to businesses and households. NetLink is committed to support Singapore's Smart Nation aspirations through our management of Singapore's NBN, which delivers ultra-high-speed internet to support online social connections as well as innovative digital solutions to boost productivity and delivery of social and economic services. Our network also provides a crucial line of connection during crisis or emergency, for example during COVID-19 lockdown restriction, to allow people to access health, education, and other essential services.

**Our approach for managing Singapore's NBN consists of two main strategies:**

We are dedicated to maintaining 100% island-wide fibre coverage and to grow our network to ensure available capacity to meet future demands.

We strive for continuous improvement in the robustness and resiliency of our network to minimise risk of service disruption to our customers.

We are also committed to meet the government's national objective of developing a 10Gbps home broadband network and is working closely with IMDA and the telecommunications operators to contribute to the Singapore's Digital Connectivity Blueprint.

## NETWORK COVERAGE AND CAPACITY

In anticipation of the growth of the digital economy and data demand, NetLink actively engages with government agencies, industry associations, research institutions and our current customers to better gauge the future demand for our fibre network and co-location facilities. For example, in order to plan new routes and identify locations requiring additional fibre cables, we work closely with government agencies to understand potential and upcoming demand from new and existing residential towns. As a member of the Telecommunications Facility Coordination Committee[14] (TFCC) in Singapore, we are also pre-consulted on the telecommunication facilities requirements for any upcoming development projects.

During FY23, NetLink also worked hand in hand with various industries in Singapore to accelerate their digital transformation journeys and innovation efforts. For instance, we supported the Smart Lampposts trial at Punggol NorthShore with fibre broadband deployments. The trial converts a normal lamppost into a shareable platform and uses the lampposts as a key sensor infrastructure to deploy different kinds of intelligent sensors and network connectivity technologies for a smart city. We also continued to participate as the fibre provider for the Quantum Key Delivery initiative with NUS Centre for Quantum Computing, enabling new technologies to be deployed over NetLink's fibre optic network for more robust network security for companies handling sensitive data.

We also take part in industry partnerships to boost Singapore's digital infrastructure capacity and implement digital inclusion initiatives.

Through these initiatives in FY23, we have expanded the total number of end-user connections for residential and non-residential, non-building address point (NBAP) and segment connections by 1.4%, 3.7%, 12.6% and 49.6% respectively. We continued to meet the home-passed connections required as the sole fibre broadband infrastructure provider for residential buildings.

## NETWORK ROBUSTNESS AND RESILIENCY

With the internet being an increasingly ubiquitous part of daily life, any disruption in NetLink's fibre network will affect personal lives and business operations. Consequently, NetLink has implemented robust processes to ensure a stable, resilient, and reliable fibre broadband network.

In FY23, we invested approximately $78 million to increase our fibre network's robustness, resiliency and availability. We regularly enhance our fibre network by laying additional backbone fibres, which allow for more point-to-point and diversity options. By boosting and expanding our fibre network, we can cater for a broader range of services for our customers.

[14] The TFCC has been appointed by IMDA as a single-contact point for building developers or owners to co-ordinate with Public Telecommunication Licensees (PTLs) or Telecommunication Service Licensees (TSLs) on the submission of proposed telecommunication facilities to be provided in buildings.

With our infrastructure investments, we also implement preventive measures to reduce the risk and impact of service disruptions. Historically, we have experienced service disruption from third-party contractors who accidentally cut our underground cables when conducting earthworks. As a result, IMDA has set up detailed guidelines (Telecommunications Cable Detection Worker's Licence) with comprehensive safeguards for all contractors to observe before commencing earthworks to prevent such incidents from occurring. Under the Telecommunications Act, IMDA can impose penalty on errant contractors that cause damages to telecommunications underground cables. NetLink plays our part and adhere to the guidelines by attending joint site meetings and trial-hole inspections for projects involving earthworks to verify the locations of our fibre cables before any excavation starts. This measure will help reduce the risk of accidental damage to our critical fibre network, ensuring a more reliable connection for our customers.

Our other preventive measures to mitigate service disruption risks include:

- Regular inspections by our employees and contractors for critical systems.
- Conduct scheduled maintenance regularly and timely equipment replacement.
- Use of test equipment and remote fibre monitoring systems to quickly respond and rectify faults reported by telecommunications operators, reducing network downtime.
- Establish a robust Business Continuity Management System (BCMS) programme certified under ISO 22301:2019 to manage business disruptions. Under the BCMS programme, stakeholders also attend regular simulated business continuity exercises to familiarise themselves with their business continuity protocols. Key metrics such as response time are tracked in these exercises to gauge the effectiveness and efficiency of the BCMS, the findings of which go into improving our processes to respond, recover, restore connectivity, and communicate with stakeholders during a network failure.

In FY23, we continued to achieve a network availability of 99.99%[15] - as a result of our investments, regular maintenance, and preventive measures.

### Supporting SMEs to go digital

Given that SMEs make up an integral part of the Singapore economy and face disproportionate challenges in digitalisation, we have continued to support them in their digital transformation. In particular, NetLink has continued to offer a promotional price for its Non-Residential Connection Service (Non-Residential Service) to service providers, giving them rebates whenever a new Non-Residential Service connection is applied to a SME customer. These rebates will offset the Monthly Recurring Charge for the Non-Residential Service for 12 months. By offering this promotion to service providers we hope to create a more competitive pricing structure for SMEs, reducing their operational costs and enabling them to utilise our high-speed network to enhance their business operations.

As of 31 March 2023, we have received more than 3,000 qualified orders for this promotion.

### Supporting Singapore to go 5G

NetLink leverages its high-speed network to support businesses and industry partners, particularly with the roll-out of 5G services. For instance, after successfully supported M1 for part of its 5G roll-out in FY22, we continued to provide connections for M1's further 5G roll-out in FY23. We are also in discussion with SIMBA to support their 5G roll-out after successfully support them in their 5G service trial in FY22. Through these initiatives, NetLink remains committed to support the growth of Singapore's 5G innovation ecosystem and actively collaborate with industry peers on the matter.

[15] Network availability (%) = [1- (Downtime/Total Time)] x 100%, based on the assumption that faults exclude incidents that are not within NetLink's control, such as our cables being cut by third party contractors not engaged by NetLink.

# APPENDICES

## GRI Content Index

| | |
|---|---|
| **STATEMENT OF USE** | NetLink has reported in accordance with the GRI Standards for the period 1 April 2022 to 31 March 2023. |
| **GRI 1 USED** | GRI 1: Foundation 2021 |
| **APPLICABLE GRI SECTOR STANDARD(S)** | None; GRI Sector Standard for the telecommunications and information technology industries are not available yet |

| GRI STANDARD | DISCLOSURE | | PAGE NUMBER | OMISSION |
|---|---|---|---|---|
| GRI 2: General Disclosures 2021 | 2-1 | Organisational details | 38, 76 | |
| | 2-2 | Entities included in the organisation's sustainability reporting | 76 | |
| | 2-3 | Reporting period, frequency, and contact point | 76 [Publication date: 23 June 2023] | |
| | 2-4 | Restatements of information | No restatement | |
| | 2-5 | External assurance | 76 | |
| | 2-6 | Activities, value chain and other business relationships | 3-9, 20-23, 84-85, 97, 106-107. There are no significant changes in activities, value chain and other relationship compared to previous reporting period. | |
| | 2-7 | Employees | 102 | |
| | 2-8 | Workers who are not employees | 102 | |
| | 2-9 | Governance structure and composition | NetLink's Board has overall responsibility. Refer to pages 28-49 for our governance structure, including our Board's composition. | |
| | 2-10 | Nomination and selection of the highest governance body | 44-49 | |
| | 2-11 | Chair of the highest governance body | 28, 44 | |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | 80 | |
| | 2-13 | Delegation of responsibility for managing impacts | 80 | |
| | 2-14 | Role of highest governance body in sustainability reporting | 80 | |
| | 2-15 | Conflicts of interest | 38-39, 48, 58, 64-65, 193-194 | |
| | 2-16 | Communication of critical concerns | 56-57, 63, 89, 97 | |
| | 2-17 | Collective knowledge of the highest governance body | 40-41 | |
| | 2-18 | Evaluation of the performance of the highest governance body | 50 | |

| GRI STANDARD | DISCLOSURE | PAGE NUMBER | OMISSION |
|---|---|---|---|
| GRI 2: General Disclosures 2021 | 2-19 Remuneration policies | 51-54, 80 | |
| | 2-20 Process to determine remuneration | 51-54<br>AGM minutes: https://www.netlinknbn.com/annual-report.html | |
| | 2-21 Annual total compensation ratio | NetLink is not disclosing this due to confidentiality constraints. | |
| | 2-22 Statement on sustainable development strategy | 77 | |
| | 2-23 Policy commitments | 56, 64-65, 78-79, 90, 97 | |
| | 2-24 Embedding policy commitments | 56, 64-65, 88-90, 97 | |
| | 2-25 Processes to remediate negative impacts | 89, 97, 101, 104, 107 | |
| | 2-26 Mechanisms for seeking advice and raising concerns | 85, 89, 97 | |
| | 2-27 Compliance with laws and regulations | 82-83 | |
| | 2-28 Membership associations | In FY23, NetLink did not participate in a significant role in any associations or advocacy organisations. However, NetLink is a member of the Singapore National Employers Federation. | |
| | 2-29 Approach to stakeholder engagement | 84-85 | |
| | 2-30 Collective bargaining agreements | 100 | |
| **MATERIAL TOPICS** | | | |
| GRI 3: Material topics 2021 | 3-1 Process to determine material topics | 81 | |
| | 3-2 List of material topics | 81 | |
| **GOVERNANCE AND TRANSPARENCY** | | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | 82, 88-89 | |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | 88-89 | |
| | 205-2 Communication and training about anti-corruption policies and procedures | 89, 97 | |
| | 205-3 Confirmed incidents of corruption and actions taken | 88-89 | |

# GRI Content Index

| GRI STANDARD | DISCLOSURE | PAGE NUMBER | OMISSION |
|---|---|---|---|
| **ECONOMIC PERFORMANCE** | | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | 88 | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 88 | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 88 | |
| **DATA SECURITY AND PRIVACY** | | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | 82, 90 | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 82 | |
| **CLIMATE CHANGE** | | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | 82, 92 | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organisation | 92 | |
| | 302-2 Energy consumption outside of the organisation | 92 | |
| | 302-3 Energy intensity | 92 | |
| | 302-4 Reduction of energy consumption | 92 | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 93 | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 93 | |
| | 305-3 Other indirect (Scope 3) GHG emissions | 93 | |
| | 305-4 GHG emissions intensity | 93 | |
| | 305-5 Reduction of GHG emissions | 92 | |
| **WASTE MANAGEMENT** | | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | 82, 96 | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 96 | |
| | 306-2 Management of significant waste- related impacts | 96 | |
| | 306-3 Waste generated | 96 | |
| | 306-4 Waste diverted from disposal | 96 | |
| | 306-5 Waste directed to disposal | 96 | |

| GRI STANDARD | DISCLOSURE | PAGE NUMBER | OMISSION |
|---|---|---|---|
| **WATER CONSUMPTION** | | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | 82, 97 | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as shared resource | 97 | |
| | 303-3 Water withdrawal | 97 | |
| | 303-4 Water discharge | 97 | |
| | 303-5 Water consumption | 97 | |
| **SUSTAINABLE SUPPLY CHAIN** | | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | 82, 97 | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | 97 | |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | 97 | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | 97 | |
| | 414-2 Negative social impacts in the supply chain and actions taken | 97 | |
| **HEALTH AND SAFETY** | | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | 83, 98-100 | |
| GRI 403: Occupational health and safety 2018 | 403-1 Occupational health and safety management system | 98 | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 98, 99 | |
| | 403-3 Occupational health services | 98 | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 98 | |
| | 403-5 Worker training on occupational health and safety | 99 | |
| | 403-6 Promotion of worker health | 100-102 | |

# GRI Content Index

| GRI STANDARD | DISCLOSURE | PAGE NUMBER | OMISSION |
|---|---|---|---|
| **HEALTH AND SAFETY** | | | |
| GRI 403: Occupational health and safety 2018 | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 97, 99 | |
| | 403-8 Workers covered by an occupational health and safety management system | 98 | |
| | 403-9 Work-related injuries | 100 | 403-9b due to unavailable information for non-resident contractors only. |
| | 403-10 Work-related ill health | 100 | 403-10b due to unavailable information for non-resident contractors only. |
| **TALENT RETENTION, TRAINING, AND DEVELOPMENT** | | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | 83, 100-105 | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 103 | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 100-102 | |
| GRI 404: Training and education 2016 | 404-1 Average hours of training per year per employee | 102 | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 100-101 | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 101 | |
| GRI 405: Diversity and equal opportunity 2016 | 405-1 Diversity of governance bodies and employees | 104-105 | |
| | 405-2 Ratio of basic salary and remuneration of women to men | NetLink is not disclosing this due to confidentiality constraints. | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 104 | |
| **CONNECTING THE NATION** | | | |
| GRI 3: Material topics 2021 | 3-3 Management of material topics | 83, 106-107 | |
| GRI 203: Indirect economic impacts 2016 | 203-2 Significant indirect economic impacts | 106-107 | |

# TCFD Content Index

| TCFD PILLAR | TCFD RECOMMENDATIONS | PAGE NUMBER |
|---|---|---|
| Governance | Describe the Board's oversight of climate-related risks and opportunities. | 94 |
| | Describe Management's role in assessing and managing climate-related risks and opportunities. | 94 |
| Strategy | Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. | 94 |
| | Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | 94-95 |
| | Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | 95 |
| Risk Management | Describe the organisation's processes for identifying and assessing climate-related risks. | 95 |
| | Describe the organisation's processes for managing climate-related risks. | 95 |
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | 95 |
| Metrics and Targets | Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | 95 |
| | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks. | 95 |
| | Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | 95 |

# SGX Core ESG Metrics Index

NetLink's sustainability disclosures for the set of 27 common core ESG metrics identified by SGX are mapped as follows.

| TOPIC | METRIC | UNIT | GRI DISCLOSURE | PAGE NUMBER |
|---|---|---|---|---|
| **ENVIRONMENTAL METRICS** | | | | |
| Greenhouse Gas Emissions | Absolute emissions by: (a) Total, (b) Scope 1, 2; and (c) Scope 3, if appropriate | $tCO_2e$ | 305-1&2&3 | 93 |
| | Emission intensities by: (a) Total, (b) Scope 1, 2; and (c) Scope 3, if appropriate | $tCO_2e$/ organisation specific metrics | 305-4 | |
| Energy Consumption | Total energy consumption | MWhs or GJ | 302-1 | 92 |
| | Energy consumption intensity | MWHs or GJ / organisation specific metrics | 302-3 | |
| Water consumption | Total water consumption | ML or $m^3$ | 303-5 | 97 |
| | Water consumption intensity | ML or $m^3$ / organisation specific metrics | - | |
| Waste generation | Total waste generated | t | 306-3 | 96 |

# SGX Core ESG Metrics Index

NetLink's sustainability disclosures for the set of 27 common core ESG metrics identified by SGX are mapped as follows.

| SOCIAL METRICS | | | | |
|---|---|---|---|---|
| Gender Diversity | Current employees by gender | Percentage (%) | 405-1 | 105 |
| | New hires and turnover by gender | Percentage (%) | 401-1 | 103 |
| Age-Based Diversity | Current employees by age groups | Percentage (%) | 405-1 | 105 |
| | New hires and turnover by age groups | Percentage (%) | 401-1 | 103 |
| Employment | Total turnover | Number and percentage (%) | 401-1 | 103 |
| | Total number of employees | Number | 2-7 | 102 |
| Development and Training | Average training hours per employee | Hours/ No. of employees | 404-1 | 102 |
| | Average training hours per employee by gender | Hours/ No. of employees | 404-1 | 102 |
| Occupational Health and Safety | Fatalities | No. of cases | 403-9 | 100 |
| | High-consequence injuries | No. of cases | 403-9 | |
| | Recordable injuries | No. of cases | 403-9 | |
| | Recordable work-related ill health cases | No. of cases | 403-10 | |

# SGX Core ESG Metrics Index

NetLink's sustainability disclosures for the set of 27 common core ESG metrics identified by SGX are mapped as follows.

| TOPIC | METRIC | UNIT | GRI DISCLOSURE | PAGE NUMBER |
|---|---|---|---|---|
| **GOVERNANCE METRICS** | | | | |
| Board Composition | Board independence | Percentage (%) | 2-9 | 46 |
| | Women on the board | Percentage (%) | 2-9, 405-1 | 46 |
| Management Diversity | Women in the management team | Percentage (%) | 2-9, 405-1 | 105 |
| Ethical Behaviour | Anti-corruption disclosures | Discussion and number of standards | 205-1&2&3 | 88-89 |
| | Anti-corruption training for employees | Number and percentage (%) | 205-2 | 89 |
| Certifications | List of relevant certifications | List | - | 8 |
| Alignment with Frameworks | Alignment with frameworks and disclosure practices | GRI/TCFD/ SASB/SDGs/ others | - | This report has been prepared in accordance with the GRI 2021 standards and includes climate-related disclosures per TCFD recommendations. See pages 86-87 for our UN SDGs alignment. |
| Assurance | Assurance of sustainability report | Internal/ External/None | 2-5 | 76 |

# INDEPENDENT LIMITED ASSURANCE REPORT

## IN CONNECTION WITH NETLINK NBN TRUST AND ITS SUBSIDIARIES' SUSTAINABILITY REPORT FOR THE YEAR ENDED 31 MARCH 2023

We have performed a limited assurance engagement on NetLink NBN Trust and its subsidiaries' ("NetLink") Sustainability Report for the year ended 31 March 2023 ("Sustainability Report 2022") and selected Global Reporting Initiative ("GRI") Universal Standards 2021 disclosures (collectively, the "Sustainability Information") as identified below.

Our assurance engagement does not extend to information in respect of earlier periods included in, linked to, or from the Sustainability Report 2023 or the Annual Report 2023, including any images, audio files or embedded videos.

### LIMITED ASSURANCE CONCLUSION

Based on the procedures we have performed as described under the "Summary of the work we performed as the basis of our assurance conclusion" and the evidence we have obtained, nothing has come to our attention that causes us to believe that:

a. the Sustainability Report has not described the sustainability practices on a comply-or-explain basis with reference to the following components as listed under the Rule 711B of the Singapore Exchange's (SGX) Listing Manual:
   - Material environmental, social and governance factors;
   - Climate-related disclosures consistent with the recommendations of the Task Force on Climate-related Financial Disclosures;
   - Policies, practices and performance;
   - Targets;
   - Sustainability reporting framework; and
   - Board statement and associated governance structure for sustainability practices.

b. the Selected GRI Disclosures as identified in the table below, are not calculated, in all material respects, in accordance with the relevant topic-specific disclosures requirements in the GRI Universal Standards 2021:

| MATERIAL TOPIC | GRI STANDARDS - SELECTED TOPIC-SPECIFIC DISCLOSURE REQUIREMENTS | | SELECTED GRI DISCLOSURES |
|---|---|---|---|
| Governance and transparency | GRI 205-3 (2016) | Confirmed incidents of corruptions and actions taken. | Zero incidents of corruptions recorded |
| | GRI 2 (2021) | Non-compliance with laws and regulations in the social and economic area | Zero incidents of significant non-compliance with laws or regulations recorded |
| Data security and Privacy | GRI 418-1 (2016) | Substantiated complaints concerning breaches of customer privacy and losses of customer data. | Zero incidents relating to data breaches of personal data or company-related confidential data recorded |
| Climate change | GRI 302-1 (2016) | Energy consumption within the organization | **Energy Consumption:** 1,652-megawatt hour ("MWh")<br><br>**Purchased Renewable Energy Certificates (RECs):** 224 MWh |
| | GRI 302-2 (2016) | Energy consumption outside of the organization | **Energy Consumption:** 55,593 MWh |
| | GRI 302-3 (2016) | Energy Intensity | 0.0011 MWh per connection |

| MATERIAL TOPIC | GRI STANDARDS - SELECTED TOPIC-SPECIFIC DISCLOSURE REQUIREMENTS | | SELECTED GRI DISCLOSURES |
|---|---|---|---|
| Climate change | GRI 305-1 (2016) | Direct (Scope 1) GHG emissions | **Refrigerants:** 180 tonnes of carbon dioxide emissions ($tCO_2e$)<br><br>**Vehicles (diesel consumption):** 77 $tCO_2e$<br><br>**Generators (diesel consumption):** 83 $tCO_2e$ |
| | GRI 305-2 (2016) | Energy indirect (Scope 2) GHG emissions | **Electricity (location-based):** 415 $tCO_2e$<br><br>**Electricity (market-based):** 324 $tCO_2e$ |
| | GRI 305-3 (2016) | Other indirect (Scope 3) GHG emissions, limited to the following categories<br>• Category 3: Fuel- and energy-related activities (not included in scope 1 or scope 2)<br>• Category 5: Waste generated in operations.<br>• Category 7: Employee commuting<br>• Category 13: Downstream leased assets | **Fuel and energy-related activities:** 60 $tCO_2e$<br><br>**Waste generated in operations:** 15,182 $tCO_2e$<br><br>**Employee commuting:** 12 $tCO_2e$<br><br>**Downstream leased assets:** 22,682 $tCO_2e$ |
| | GRI 305-4 (2016) | GHG Emission Intensity | 0.00049 $tCO_2e$ per connection |
| Water | GRI 303-3 (2018) | Water withdrawal | **Water consumption:** 75,240 cubic meters |
| Waste Management | GRI 306-3 (2020) | Waste generated | **Total fibre waste disposed:** 713 tonnes<br><br>**Fibre scrap:** 31 tonnes<br><br>**Recovered fibre cables:** 682 tonnes<br><br>**Percentage of fibre waste generated in proportion to total fibre cables issued:** 2.2% of fibre scrap in proportion to total fibre cable issued |

| MATERIAL TOPIC | GRI STANDARDS - SELECTED TOPIC-SPECIFIC DISCLOSURE REQUIREMENTS | | SELECTED GRI DISCLOSURES |
|---|---|---|---|
| Waste Management | GRI 2 (2021) | Non-compliance with environmental laws and regulations | Zero incidents of significant non-compliance with laws or regulations recorded. |
| Talent (turnover and new hires) | GRI 401-1 (2016) | New employee hires and employee turnover | **New Hires**<br>Total Number 57<br>Hiring Rate 16.9%<br>By age group: <30 years 18; 30-50 years 35; >50 years 4<br>By gender: Male 41; Female 16<br><br>**Turnover**<br>Total Number 71<br>Turnover Rate 21.0%<br>By age group: <30 years 19; 30-50 years 48; >50 years 4<br>By gender: Male 49; Female 22 |
| Talent retention (training and education) | GRI 404-1 (2016) | Average hours of training per year per employee | **Average training hours by gender**<br>Male: 17.6 hours<br>Female: 16.8 hours<br><br>**Average training hours by employee category**<br>Senior Managers and above: 25.4 hours<br>Managers and executives: 17.2 hours<br>Non-executives: 13.3 hours<br><br>**Total learning hours:**<br>5,864 hours<br><br>**Average learning hours per employee:**<br>17.3 hours |
| Diversity and equal opportunity (Diversity) | GRI 405-1 (2016) | Diversity of governance bodies and employees | **Board of Directors by age group**<br>**Group** %<br>30- 50 years old 0%<br>51 – 60 years old 50%<br>61 – 70 years old 50%<br><br>**Board of Directors by gender**<br>**Group** %<br>Male 75%<br>Female 25% |

<table>
<tr><th>MATERIAL TOPIC</th><th colspan="2">GRI STANDARDS - SELECTED TOPIC-SPECIFIC DISCLOSURE REQUIREMENTS</th><th>SELECTED GRI DISCLOSURES</th></tr>
<tr><td>Diversity and equal opportunity (Diversity)</td><td>GRI 405-1 (2016)</td><td>Diversity of governance bodies and employees</td><td>
Employee category by age group
<table>
<tr><th>Group</th><th>Number</th><th>%</th></tr>
<tr><td><30 years old</td><td>42</td><td>12.4%</td></tr>
<tr><td>30-50 years old</td><td>247</td><td>73.1%</td></tr>
<tr><td>>50 years old</td><td>49</td><td>14.5%</td></tr>
</table>
Employee category by gender
<table>
<tr><th>Group</th><th>Number</th><th>%</th></tr>
<tr><td>Male</td><td>234</td><td>69.2%</td></tr>
<tr><td>Female</td><td>104</td><td>30.8%</td></tr>
</table>
Senior Managers and above by age group
<table>
<tr><th>Group</th><th>Number</th><th>%</th></tr>
<tr><td><30 years old</td><td>0</td><td>0%</td></tr>
<tr><td>30-50 years old</td><td>54</td><td>68.4%</td></tr>
<tr><td>>50 years old</td><td>25</td><td>31.6%</td></tr>
</table>
Senior Managers and above by gender
<table>
<tr><th>Group</th><th>Number</th><th>%</th></tr>
<tr><td>Male</td><td>52</td><td>65.8%</td></tr>
<tr><td>Female</td><td>27</td><td>34.2%</td></tr>
</table>
Managers and Executives by age group
<table>
<tr><th>Group</th><th>Number</th><th>%</th></tr>
<tr><td><30 years old</td><td>4</td><td>3.8%</td></tr>
<tr><td>30-50 years old</td><td>91</td><td>86.7%</td></tr>
<tr><td>>50 years old</td><td>10</td><td>9.5%</td></tr>
</table>
Managers and Executives by gender
<table>
<tr><th>Group</th><th>Number</th><th>%</th></tr>
<tr><td>Male</td><td>74</td><td>70.5%</td></tr>
<tr><td>Female</td><td>31</td><td>29.5%</td></tr>
</table>
Non-Executives by age group
<table>
<tr><th>Group</th><th>Number</th><th>%</th></tr>
<tr><td><30 years old</td><td>38</td><td>24.7%</td></tr>
<tr><td>30-50 years old</td><td>102</td><td>66.2%</td></tr>
<tr><td>>50 years old</td><td>14</td><td>9.1%</td></tr>
</table>
Non-Executives by gender
<table>
<tr><th>Group</th><th>Number</th><th>%</th></tr>
<tr><td>Male</td><td>108</td><td>70.1%</td></tr>
<tr><td>Female</td><td>46</td><td>29.9%</td></tr>
</table>
</td></tr>
</table>

| MATERIAL TOPIC | GRI STANDARDS - SELECTED TOPIC-SPECIFIC DISCLOSURE REQUIREMENTS | | SELECTED GRI DISCLOSURES |
|---|---|---|---|
| Diversity and equal opportunity (Non-discrimination) | GRI 406-1 (2016) | Incidents of discrimination and corrective actions taken | Zero incidents of discrimination recorded |
| Occupational health and safety | GRI 403-9 (2018) | Number and rates of work-related fatalities and injuries (including both employees and workers whose work and/or workplace is controlled by the organization) | **Workplace injuries:**<br>Zero work-related incidents that resulted in permanent disability.<br><br>**Workplace fatalities:**<br>Zero work-related fatalities<br><br>**Injury rate:**<br>0 per 1,000,000 manhours |
| Connecting the Nation – Reporting on connections relating to the fibre coverage in Singapore | GRI 2-6 (2021) | Number of fibre connections under residential, non-residential and non-building address points connections | **Residential**<br>Homes passed 1,584,124<br>Homes reached 1,536,621<br>End Users 1,485,271<br><br>**Non- Residential**<br>Buildings reached 42,987<br>End Users 52,120<br><br>**Non-Building Address Points**<br>Number of NBAP connections 2,706<br><br>**Segment Connections**<br>Number of segment connections 2,843 |
| Network Availability-Reporting on the stability and reliability of the fibre network to end-users | GRI 2-6 (2021) | Network availability rate | **Network Availability:**<br>99.99% |

We do not express an assurance conclusion on information in respect of earlier periods included in, linked to, or from the Sustainability Report 2023 or the Annual Report 2023, including any images, audio files or embedded videos.

## NETLINK'S RESPONSIBILITIES

Management of NetLink is responsible for:

- Selecting or establishing suitable criteria for preparing the Sustainability Information;
- Preparing the Sustainability Report 2022 and selected GRI Disclosures in accordance with the Rule 711B of the SGX Listing Manual and Global Reporting Initiative (GRI) Universal Standards 2021 (collectively known as "Reporting Criteria"); and
- Designing, implementing, and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

## UNDERSTANDING HOW NETLINK HAS PREPARED THE SUSTAINABILITY INFORMATION

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Sustainability Information needs to be read and understood together with the Reporting Criteria and the Introduction section set out in the "About This Report" of the Sustainability Report 2023, which NetLink has used to prepare the Sustainability Information.

## OUR RESPONSIBILITIES

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Board of Directors and management of NetLink.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by management, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence. Our responsibility is to form a conclusion on the Group's preparation and presentation of the Report in accordance with the Standards, based on our work.

## PROFESSIONAL STANDARDS APPLIED

We performed a limited assurance engagement in accordance with Singapore Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information ("Standard"). This Standard requires that we comply with ethical requirements and plan and perform our work to form the conclusion. The extent of the work performed depends on our professional judgement and our assessment of the engagement risk.

## PRACTITIONER'S INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements of the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Singapore Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## SUMMARY OF THE WORK WE PERFORMED AS THE BASIS OF OUR ASSURANCE CONCLUSION

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgement. In carrying out our limited assurance engagement on the Sustainability Information, our procedures included the following:

- Evaluate the suitability in the circumstances of NetLink's use of the Reporting Criteria, as the basis for preparing the Sustainability Information;
- Through inquiries, obtained an understanding of NetLink's control environment, processes and information systems relevant to the preparation of the Sustainability Information, but we did not evaluate the design of particular control activities, did not obtain evidence about their implementation and did not test their operating effectiveness;
- Evaluated whether NetLink's methods for developing estimates are appropriate and had been consistently applied, but our procedures did not include testing the data on which the estimates were based and we did not separately develop our own estimates against which to evaluate NetLink's estimates;
- Sample tested a number of items to or from supporting records, as appropriate;
- Performed analytical procedures by comparing the expected targets to actual emissions or consumption, and by comparing current period to prior period, and made inquiries of management to obtain explanations for any significant differences we identified;
- Considered the presentation and disclosure of the Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We believe our work provides a reasonable basis for our conclusion.

## PURPOSE AND RESTRICTION ON DISTRIBUTION AND USE

This report is made solely to the Board of Directors and management of NetLink NBN Trust and its subsidiaries in accordance with our engagement letter dated 21 February 2023 for the purpose of providing a limited assurance conclusion on the Sustainability Information. As a result, this report may not be suitable for another purpose.

We disclaim any assumption of responsibility for any reliance on this report to any person other than the Board of Directors and management of NetLink NBN Trust and its subsidiaries', or for any purpose other than that for which it was prepared.

**Deloitte & Touche LLP**
Public Accountants and
Chartered Accountants
Singapore

May 29, 2023

**NETLINK NBN TRUST AND ITS SUBSIDIARIES**

# ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## Index



# REPORT OF NETLINK NBN MANAGEMENT PTE. LTD.

## (AS TRUSTEE-MANAGER OF NETLINK NBN TRUST)

The Directors of NetLink NBN Management Pte. Ltd., the Trustee-Manager of NetLink NBN Trust (the "Trust"), are pleased to present their report to the Unitholders of the Trust, together with the consolidated financial statements of NetLink NBN Trust and its subsidiaries (collectively, the "NetLink Group" or "Group") and the statement of financial position and statement of changes in Unitholders' funds of the Trust for the financial year ended 31 March 2023.

### DIRECTORS

The Directors of the Trustee-Manager in office at the date of this report are as follows:

| | |
|---|---|
| Mr Chaly Mah Chee Kheong | (Chairman and Independent Director) |
| Ms Koh Kah Sek | (Independent Director) |
| Mr Ang Teik Siew @ Ang Teik Lim Eric | (Independent Director) |
| Ms Ku Xian Hong | (Independent Director) |
| Mr Yeo Wico | (Independent Director) |
| Mr William Woo Siew Wing | (Non-Executive Director) |
| Mr Quah Kung Yang | (Non-Executive Director) (Appointed on 3 November 2022) |
| Mr Tong Yew Heng | (Chief Executive Officer and Executive Director) |

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose object was to enable any or all 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

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act 2004 (the "Act"), particulars of the interests of Directors who held office at the end of the financial year held units in, or debentures of, the Trust are as follows:

| | HOLDINGS REGISTERED IN NAME OF DIRECTORS | | HOLDINGS IN WHICH DIRECTORS ARE DEEMED TO HAVE AN INTEREST | |
|---|---|---|---|---|
| | AT 31 MARCH 2023 | AT 31 MARCH 2022 | AT 31 MARCH 2023 | AT 31 MARCH 2022 |
| NUMBER OF UNITS | | | | |
| Mr Chaly Mah Chee Kheong | 300,000 | 300,000 | - | - |
| Ms Koh Kah Sek | 100,000 | 100,000 | - | - |
| Mr Ang Teik Siew @ Ang Teik Lim Eric | 100,000 | 100,000 | - | - |
| Ms Ku Xian Hong | 40,000 | 40,000 | - | - |
| Mr Yeo Wico | 300,000 | 300,000 | - | - |
| Mr William Woo Siew Wing | 400,000 | 400,000 | - | - |
| Mr Quah Kung Yang | 200,000 | 200,000* | - | - |
| Mr Tong Yew Heng | 650,000 | 650,000 | - | - |

*At date of appointment

There are no changes in any of the abovementioned interest in the Trust between the end of the financial year and 21 April 2023.

## OPTIONS

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

No units have been issued during the financial year by virtue of the exercise of options to take up unissued units of the Trust.

There were no unissued units of the Trust under option at the end of the financial year.

## AUDIT COMMITTEE

The members of the Audit Committee of the Trustee-Manager during the financial year and as at the date of this report were as follows:

| | |
|---|---|
| Ms Koh Kah Sek | (Chairman) |
| Mr Ang Teik Siew @ Ang Teik Lim Eric | (Member) |
| Mr Yeo Wico | (Member) |

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

The Audit Committee carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations 2005 of Singapore. In performing its functions, the Audit Committee has reviewed (among other things):

- with the Independent Auditor of the Trust, the audit plan of the Trust, the Independent Auditor's evaluation of the design and implementation of internal accounting controls of the Trust and the Independent Auditor's report on the consolidated financial statements of the NetLink Group for the year ended 31 March 2023;

- the assistance given by the officers of the Trustee-Manager to the Independent Auditor of the Trust, the policies and practices put in place by the Trustee-Manager to ensure compliance with the Act and the trust deed dated 19 June 2017 (as amended and restated by the Amending and Restating Deeds dated 25 July 2018, 28 September 2020, 19 July 2021 and 20 July 2022) constituting the Trust, the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interest of the Unitholders and the interests of the Trustee-Manager (including interested person transactions, indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the trust property of the Trust); and

- the financial statements of NetLink NBN Trust and its subsidiaries, which comprise the consolidated statement of financial position of the NetLink Group and the statement of financial position of the Trust as at 31 March 2023, 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 NetLink Group and the statement of changes in Unitholders' funds of the Trust for the financial year ended 31 March 2023 before their submission to the Board of Directors of the Trustee-Manager.

## INDEPENDENT AUDITOR

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

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

**Chaly Mah Chee Kheong**
Chairman

**Koh Kah Sek**
Director

Singapore
18 May 2023

# STATEMENT BY NETLINK NBN MANAGEMENT PTE. LTD.

## (AS TRUSTEE-MANAGER OF NETLINK NBN TRUST)

In our opinion,

a. the consolidated statement of profit or loss and other comprehensive income set out on page 132 is drawn up so as to give a true and fair view of the results of the business of the NetLink Group for the financial year ended 31 March 2023;

b. the statement of financial position set out on page 133 is drawn up so as to give a true and fair view of the state of affairs of NetLink NBN Trust and of the NetLink Group as at 31 March 2023;

c. the consolidated cash flow statement set out on page 135 to 136 is drawn up so as to give a true and fair view of the cash flow of the business of the NetLink Group for the financial year ended 31 March 2023; and

d. at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil out of the trust property of the Trust, the liabilities of the Trust as and when they fall due.

In accordance with Section 86(2) of 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 NetLink Group during the financial year are not detrimental to the interest of 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 interest of the Unitholders of the Trust as a whole.

The Board of Directors has, on the date of this statement, authorised the above statements and the consolidated financial statements of the NetLink Group as at and for the financial year ended 31 March 2023 for issue.

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

**Chaly Mah Chee Kheong**
Chairman

**Koh Kah Sek**
Director

Singapore
18 May 2023

# 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 interest of the Unitholders of the Trust as a whole.

**Tong Yew Heng**
Chief Executive Officer

Singapore
18 May 2023

# INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF NETLINK NBN TRUST

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of NetLink NBN Trust (the "Trust") and its subsidiaries (the "NetLink Group" or "Group") which comprises the consolidated statement of financial position of the NetLink Group and the statement of financial position of the Trust as at 31 March 2023, 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 NetLink 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 132 to 187.

In our opinion, the accompanying consolidated financial statements of the NetLink 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 the 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 NetLink Group and the financial position of the Trust as at 31 March 2023, and of the consolidated financial performance, consolidated changes in Unitholders' funds and consolidated cash flows of the NetLink 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 of these matters.

| Key audit matters | Our audit performed and responses thereon |
|---|---|
| **Goodwill Impairment Review**<br>Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill for impairment at least annually or earlier when there is indication of impairment. This assessment requires the exercise of significant judgement about future market conditions, including discount and long-term growth rates.<br><br>As at 31 March 2023, goodwill recorded on acquisition of NetLink Trust amounted to $746.9 million, constituting approximately 18.6% of the Group's total assets.<br><br>The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 20 to the financial statements. | We involved our valuation specialists to develop an independent view of the key assumptions driving the value in use calculation, in particular the discount and long-term growth rates, and compare the independent expectations to those used by management.<br><br>We challenged the cash flow forecasts used by management, with comparison to recent performance and trend analysis.<br><br>We also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.<br><br>Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations, and the disclosures made in the financial statements are adequate and appropriate. |

**Information other than the financial statements and auditor's report thereon**

The Trustee-Manager is responsible for the other information. The other information comprises all the information included in the Annual Report, excluding the financial statements and our auditor's report thereon. The other information is expected to be made available after the date of our auditor's report on the financial statements.

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 identified above when it becomes available 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. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action in accordance with SSAs.

**Responsibilities of the Trustee-Manager and Directors of the Trustee-Manager for the financial statements**

The Trustee-Manager 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 a 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 NetLink 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 management either intends to liquidate the NetLink 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 NetLink Group's financial reporting process.

**Auditor's responsibilities 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:

- 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.

- 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 NetLink Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of 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 NetLink 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 NetLink Group to cease to continue as a going concern.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the NetLink 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 Trustee-Manager of the of which we are the auditors have been properly kept in accordance with provisions of the Act.

The engagement partner on the audit resulting in this Independent Auditor's Report is Mr Yang Chi Chih.

**Deloitte & Touche LLP**
Public Accountants and
Chartered Accountants
Singapore

18 May 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | NOTE | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| **Revenue** | 4 | 403,460 | 377,611 |
| Other income | 6 | 5,856 | 3,195 |
| **Expenses** | | | |
| Operation and maintenance costs | | (19,827) | (18,892) |
| Installation costs | | (10,479) | (10,090) |
| Ancillary project direct costs | | (17,794) | (6,753) |
| Depreciation and amortisation | | (170,617) | (169,723) |
| Staff costs | 7 | (25,544) | (27,455) |
| Finance costs | 8 | (16,725) | (10,479) |
| Other operating expenses | 36 | (39,113) | (50,336) |
| Total expenses | | (300,099) | (293,728) |
| **Profit before income tax** | 9 | **109,217** | **87,078** |
| Income tax credit | 10 | 36 | 4,184 |
| **Profit after income tax** | | **109,253** | **91,262** |
| **Profit attributable to:** | | | |
| Unitholders of the Trust | | 109,253 | 91,262 |
| **Other comprehensive income** | | | |
| **Items that may be subsequently reclassified to profit or loss** | | | |
| Cash flow hedges | 24 | 8,385 | 20,616 |
| **Total comprehensive income attributable to:** | | | |
| Unitholders of the Trust | | 117,638 | 111,878 |
| **Earnings per unit:** | | | |
| - Basic and diluted | 31 | 2.80 cents | 2.34 cents |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 MARCH 2023

| | NOTE | GROUP 2023 $'000 | GROUP 2022 $'000 | TRUST 2023 $'000 | TRUST 2022 $'000 |
|---|---|---|---|---|---|
| **ASSET** | | | | | |
| **Currents assets** | | | | | |
| Cash and bank deposits | 11 | 200,704 | 149,818 | 59,876 | 57,774 |
| Trade and other receivables | 12 | 67,936 | 66,020 | 146 | 117 |
| Contract assets | 13 | 27,817 | 29,650 | - | - |
| Finance lease receivables | 14 | 211 | 201 | - | - |
| Inventories | 15 | 6,762 | 4,100 | - | - |
| Other current assets | 16 | 5,670 | 5,496 | 145 | 173 |
| | | 309,100 | 255,285 | 60,167 | 58,064 |
| **Non-current assets** | | | | | |
| Finance lease receivables | 14 | 65,894 | 66,711 | - | - |
| Property, plant and equipment | 17 | 2,760,040 | 2,830,678 | - | - |
| Right-of-use assets | 18 | 30,039 | 35,658 | - | - |
| Rental deposits | 19 | 240 | 240 | - | - |
| Goodwill | 20 | 746,854 | 746,854 | - | - |
| Licence | 21 | 71,612 | 75,850 | - | - |
| Investment in subsidiaries | 22 | - | - | 2,013,673 | 2,013,673 |
| Subordinated loan to a subsidiary | 23 | - | - | 1,100,000 | 1,100,000 |
| Derivative financial instruments | 24 | 29,001 | 20,616 | - | - |
| | | 3,703,680 | 3,776,607 | 3,113,673 | 3,113,673 |
| **Total assets** | | 4,012,780 | 4,031,892 | 3,173,840 | 3,171,737 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 25 | 60,042 | 55,368 | 224 | 247 |
| Deferred revenue | 26 | 36,921 | 26,473 | - | - |
| Loans | 27 | - | 155,797 | - | - |
| Lease liabilities | 28 | 1,635 | 2,239 | - | - |
| Current tax liabilities | | 43,312 | 37,287 | 20 | 2 |
| | | 141,910 | 277,164 | 244 | 249 |
| **Non-current liabilities** | | | | | |
| Other payables | 25 | 1,059 | 1,313 | - | - |
| Deferred revenue | 26 | 5,530 | 8,232 | - | - |
| Loans | 27 | 732,016 | 507,890 | - | - |
| Lease liabilities | 28 | 31,602 | 36,209 | - | - |
| Deferred tax liabilities | 29 | 468,832 | 484,638 | - | - |
| | | 1,239,039 | 1,038,282 | - | - |
| **Total liabilities** | | 1,380,949 | 1,315,446 | 244 | 249 |
| **NET ASSETS** | | **2,631,831** | **2,716,446** | **3,173,596** | **3,171,488** |
| **UNITHOLDERS' FUNDS** | | | | | |
| Units in issue | 30 | 3,117,178 | 3,117,178 | 3,117,178 | 3,117,178 |
| (Accumulated deficits)/ Retained earnings | | (514,348) | (421,348) | 56,418 | 54,310 |
| Hedging reserves | 24 | 29,001 | 20,616 | - | - |
| **Total Unitholders' funds** | | **2,631,831** | **2,716,446** | **3,173,596** | **3,171,488** |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | UNITS IN ISSUE $'000 | ACCUMULATED DEFICITS $'000 | HEDGING RESERVES $'000 | TOTAL $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2023** | | | | |
| **As 1 April 2022** | 3,117,178 | (421,348) | 20,616 | 2,716,446 |
| Total comprehensive income for the year: | | | | |
| Profit for the year | - | 109,253 | - | 109,253 |
| Other comprehensive income for the year | - | - | 8,385 | 8,385 |
| Distribution paid (Note 35) | - | (202,253) | - | (202,253) |
| **At 31 March 2023** | 3,117,178 | (514,348) | 29,001 | 2,631,831 |
| **2022** | | | | |
| **As 1 April 2021** | 3,117,178 | (313,475) | - | 2,803,703 |
| Total comprehensive income for the year: | | | | |
| Profit for the year | - | 91,262 | - | 91,262 |
| Other comprehensive income for the year | - | - | 20,616 | 20,616 |
| Distribution paid (Note 35) | - | (199,135) | - | (199,135) |
| **At 31 March 2022** | 3,117,178 | (421,348) | 20,616 | 2,716,446 |

| | UNITS IN ISSUE $'000 | RETAINED EARNINGS $'000 | TOTAL $'000 |
|---|---|---|---|
| **Trust** | | | |
| **2023** | | | |
| **As 1 April 2022** | 3,117,178 | 54,310 | 3,171,488 |
| Total comprehensive income for the year: | | | |
| Profit for the year | - | 204,361 | 204,361 |
| Distribution paid (Note 35) | - | (202,253) | (202,253) |
| **At 31 March 2023** | 3,117,178 | 56,418 | 3,173,596 |
| **2022** | | | |
| **As 1 April 2021** | 3,117,178 | 54,997 | 3,172,175 |
| Total comprehensive income for the year: | | | |
| Profit for the year | - | 198,448 | 198,448 |
| Distribution paid (Note 35) | - | (199,135) | (199,135) |
| **At 31 March 2022** | 3,117,178 | 54,310 | 3,171,488 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | NOTE | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before income tax | | 109,217 | 87,078 |
| Adjustments for: | | | |
| - Depreciation and amortisation | 9 | 170,617 | 169,723 |
| - Amortisation of transaction fees | 8,27 | 859 | 1,530 |
| - Provision/ (write-back) of loss allowance for trade receivables | 9,12 | 2 | (78) |
| - Provision/ (write-back) for stock obsolescence | 9,15 | 32 | (3) |
| - Net interest expense | 8 | 15,866 | 8,949 |
| - Interest income | 6 | (1,580) | (339) |
| - Gain on disposal of property, plant and equipment | 6 | (6) | (14) |
| - Property, plant and equipment written off | 9,17 | 2,380 | 1,221 |
| - Remeasurement loss from finance lease receivables | 9,14 | - | 12,383 |
| - Share-based payment expenses | 25 | 704 | 592 |
| **Operating cash flows before working capital changes** | | **298,091** | **281,042** |
| Changes in working capital: | | | |
| - Trade and other receivables | | (2,085) | (21,322) |
| - Contract assets | | 1,833 | (3,756) |
| - Trade and other payables | | 13,464 | 12,881 |
| - Inventories | | (2,694) | 1,064 |
| **Cash generated from operations** | | **308,609** | **269,909** |
| Interest received | | 1,560 | 338 |
| Interest paid | | (14,944) | (7,587) |
| Income tax paid | | (9,533) | (3,929) |
| **Net cash generated from operating activities** | | **285,692** | **258,731** |
| **Investing activities** | | | |
| Purchase of property, plant and equipment (Note A) | | (96,739) | (73,879) |
| Proceeds on disposal of property, plant and equipment | | 6 | 14 |
| **Net cash used in investing activities** | | **(96,733)** | **(73,865)** |
| **Financing activities** | | | |
| Payment of loan arrangement fee | 27 | (1,575) | (2,592) |
| Repayments of lease liabilities | 28 | (3,245) | (3,857) |
| Repayment of bank loan | | (156,000) | - |
| Distribution paid | 35 | (202,253) | (199,135) |
| Proceeds from bank loan | | 225,000 | - |
| **Net cash used in financing activities** | | **(138,073)** | **(205,584)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **50,886** | **(20,718)** |
| Cash and cash equivalents at beginning of financial year | | 149,818 | 170,536 |
| **Cash and cash equivalents at end of financial year** | 11 | **200,704** | **149,818** |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

**Note A**

| | NOTE | 2023 $'000 | 2022 $'000 |
|---|---|---|---|
| Purchase of property, plant and equipment | 17 | 94,650 | 65,286 |
| Less: Accruals for purchase of property, plant and equipment at end of financial year | 25 | (13,053) | (15,142) |
| Add: Payment of accruals for purchase of property, plant and equipment at beginning of financial year | | 15,142 | 23,735 |
| | | 96,739 | 73,879 |

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 1. CORPORATE INFORMATION

NetLink NBN Trust (the "Trust") was constituted by a trust deed dated 19 June 2017 (as amended and restated by the Amending and Restating Deeds dated 25 July 2018, 28 September 2020, 19 July 2021 and 20 July 2022) (collectively, the "Trust Deed"). It was registered as a business trust with the Monetary Authority of Singapore on 29 June 2017. The Trust is regulated by the Business Trusts Act 2004 and is domiciled in Singapore. The Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 July 2017 (the "Listing Date"). The financial statements are presented in Singapore dollars and all values are rounded to the nearest thousands ("$'000"), except when otherwise stated.

Under the Trust Deed, NetLink NBN Management Pte. Ltd. (the "Trustee-Manager") has declared that it shall hold the authorised business on trust for the Unitholders as the Trustee-Manager of the Trust. The registered address of the Trustee-Manager is at 750E Chai Chee Road, #07-03, ESR BizPark @ Chai Chee, Singapore 469005.

The principal activities of the Trust are that of investment holding. The principal activities of the Trust's subsidiaries are disclosed in Note 22 to the financial statements.

These financial statements for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 18 May 2023.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements have been prepared on the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Business Trusts Act 2004 and 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 if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for the 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:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
b. 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
c. Level 3 inputs are unobservable inputs for the asset or liability.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Adoption of new and revised standards

On 1 April 2022, the Trustee-Manager adopted all the new and revised SFRS(I) pronouncements that are mandatorily effective and are relevant to the Group's and the Trust's operations. The adoption does not result in changes to the Group's and the Trust's accounting policies and has no material effect on the disclosures or amounts reported for the current or prior years.

### 2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, the Group and Trust have not applied the following SFRS(I) pronouncements that have been issued but are not yet effective.

<u>Effective for annual periods beginning on or after 1 January 2023</u>
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

<u>Effective for annual periods beginning on or after 1 January 2024</u>
- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*

The Trustee-Manager is still assessing the adoption of the above amendments to SFRS(I) in future periods on the financial statements of the Group and Trust but anticipates that the adoption of the above amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and Trust.

### 2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust and 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.

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Basis of consolidation (cont'd)

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the unitholders of the Trust. Total comprehensive income of subsidiaries is attributed to the unitholders of the Trust.

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.

### 2.5 Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the 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 and 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Property, plant and equipment

(a) Measurement

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 professional fees and, for qualifying assets, 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.

(b) Depreciation

Depreciation is calculated using a straight-line method to allocate their depreciable amounts over their estimated useful life as follows:

| | |
|---|---|
| Leasehold land and buildings | Over the remaining leasehold period of 57 to 77 years and for incidental assets 10 to 15 years |
| Network assets | 25 to 50 years |
| Exchange equipment | 3 to 15 years |
| Leasehold improvements | 5 years |
| Furniture, fittings and equipment | 3 to 7 years |
| Motor vehicles | 10 years |

Assets under construction included in property, plant and equipment are carried at cost, less any recognised impairment loss. Asset under construction is not depreciated as these assets are not yet available for use. Depreciation will commence when these assets are ready for use.

The estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each year end. The effects of any changes in estimate are accounted for prospectively.

Right-of-use assets are depreciated over the shorter period of the lease term and the 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.

(c) Subsequent expenditure

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 the profit or loss when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Property, plant and equipment (cont'd)

(d) Disposal
On disposal of a property, plant and equipment, the difference between sale proceeds and its carrying amount is recognised in the profit or loss.

### 2.7 Investment in subsidiaries

Investment in subsidiary is carried at cost less any impairment in net recoverable value in the Trust's statement of financial position. On disposal of investment in subsidiary, the difference between disposal proceeds and the carrying amounts of the investment is recognised in the Trust's profit or loss.

### 2.8 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 (or Group's of 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 cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 2.9 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.

The Group's Facilities-Based Operations ("FBO") licence has finite useful life, over which the assets are amortised using the straight-line method, over the estimated useful life of 23 years. The estimated useful life and amortisation method are reviewed as at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation expense is included in the line item "depreciation and amortisation" in profit or loss.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Impairment of tangible, right-of-use assets and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment , right-of-use assets 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 to determine the extent of the impairment loss (if any). Where the assets do not generate cash flows that are independent from other assets, 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.

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.

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 (or 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 (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 2.11 Financial instruments

Financial assets and financial liabilities are recognised on 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.

(i) **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 subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

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.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Financial instruments (cont'd)

#### (i) Financial assets (cont'd)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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 subsequently measured at fair value through profit or loss ("FVTPL").

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.

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.

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. 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 and at FVTOCI. 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.

Interest income is recognised in profit or loss and is included in the "other income" line item.

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 or at FVTOCI, contract assets and finance lease receivables. 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 recognises lifetime ECL for trade receivables, contract assets and finance lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix 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.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Financial instruments (cont'd)

#### (i) Financial assets (cont'd)

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 the 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.

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; 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 debtor 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 fulfill its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when it has an external credit rating of "investment grade" in accordance with the globally understood definition.

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.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Financial instruments (cont'd)

(i) **Financial assets (cont'd)**

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 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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;
- a breach of contract, such as a default or past due event;
- 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;
- 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 debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. 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 customers, and other relevant forward-looking information.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Financial instruments (cont'd)

#### (i) Financial assets (cont'd)

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 *Leases*.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, contract assets, finance lease receivables are each assessed as a separate group.);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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.

<u>Derecognition of financial assets</u>

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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.

#### (ii) Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Financial instruments (cont'd)

### 2.11 Financial liabilities and equity instruments (cont'd)

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.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) 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.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### 2.12 Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate risk. Further details of derivative financial instruments are disclosed in Note 24.

Derivatives are recognised initially at fair value at the date a derivative contract is 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. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the 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.

**Hedge accounting**

The Group designates certain derivatives as hedging instruments in respect of interest rate risk in 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:

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 Derivative financial instruments (cont'd)

- 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 24 set out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of 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 realised in profit or loss, and is included in the 'finance costs' 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. 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 cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately in profit or loss.

### 2.13 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when 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.

### 2.14 Contract assets

A contract asset is recognised for the revenue recognised but not yet invoiced.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### 2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

### 2.17 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 reporting date, 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 the effect of the time value of money is material).

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.

### 2.18 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) **Defined contribution plans**
Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) **Employee leave entitlement**
Employee entitlements to annual leave are recognised as a liability 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.

### 2.19 Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.20 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received, and are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

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.

### 2.21 Leases

**The Group as lessor**
The Group enters into lease agreements as a lessor with respect to the lease of space occupied by the substantial Unitholder in central office buildings owned by the Group.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

**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). 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 the incremental borrowing rate. The rate is defined as the rate of interest that the lessee would have to pay to borrow 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 a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives receivables; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the statements 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.

# NOTES TO THE FINANCIAL STATEMENTS



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.21 Leases (cont'd)

The Group as lessee (cont'd)

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 based on the lease term of the modified lease 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 right-of-use 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 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 2.10.

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 applied this practical expedient.

### 2.22 Taxes

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 net profit as reported in profit or loss 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 by the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Taxes (cont'd)

#### Income tax (cont'd)

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 accounting department within the Trust 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, 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 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.

#### Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.22 Taxes (cont'd)

Sales tax (cont'd)

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

### 2.23 Foreign currency transactions and translation

**Functional or presentation currency**

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 and equity 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 (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at 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 arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

### 2.24 Units in issue

Proceeds from issuance of units are recognised in unitholders' funds, net of issue costs.

### 2.25 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.26 Revenue recognition

Revenue consists primarily of (i) fibre business revenue, and (ii) ducts, manholes and central office revenue, both of which include regulated and non-regulated revenues. Regulated revenues comprise revenues received pursuant to the Interconnection Offer, Tariff and Customised Agreement and the ducts and manholes services revenue. Revenue received pursuant to the Interconnection Offer are subject to regulated pricing determined by Infocomm Media Development Authority ("IMDA"). The tariff and Customised Agreement for providing fibre connection services and the ducts and manholes services revenue was approved by IMDA. Non-regulated revenue comprises central office revenue, ancillary project revenue and other revenue that is not regulated or approved by IMDA.

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.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured and it is probable that future economic benefits will flow to the entity. In addition, there are specific criteria that have to be met for revenue recognition for each of the Group's activities as described below:

a. Ducts and manholes service revenue primarily comprise revenue received from the provision of space in NetLink Trust's ("NLT") ducts and manholes. Revenue is recognised over time over the contract period on a straight-line basis when the services are rendered. Invoices are issued on a monthly basis and are payable within 30 days.

   Other adhoc services include construction of lead-in ducts and processing charge to check for availability of lead-in ducts and manholes. Revenue is recognised at a point in time when the services are rendered and are payable within 30 days.

b. Central office revenue primarily comprises revenue received for the provision of ancillary services such as security, maintenance and administration services relating to the central offices. Revenue relating to central office is recognised over time over the lease period on a straight-line basis when the services are rendered. Invoices for central office revenue are issued on a quarterly basis and are payable within 30 days.

c. Service income and charges primarily comprises revenue received for the lease of machinery and equipment relating to the central offices. Revenue relating to central office is recognised over time over the lease period on a straight-line basis when the services are rendered. Invoices for service income and charges are issued on a quarterly basis and are payable within 30 days.

d. Connection revenue primarily comprises monthly recurring fees received from Requesting Licensees for each residential, non-residential, Non-Building Address Points ("NBAP") and segment (i.e. point to point) connection. Revenue is recognised over time over the subscription period on a straight-line basis when the services are rendered. Invoices for connection revenue are issued on a monthly basis and are payable within 30 days.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.26 Revenue recognition (cont'd)

e. Revenue from Co-location includes the following:
   i. Monthly recurring charges received from Requesting Licensees to use space in co-location rooms in central office to house their equipment racks. Revenue is recognised over time over the lease term when the services are rendered;
   ii. Provision of ancillary services such as power, cooling, project study works, site preparation and installation, fibre splicing and onsite work and escort charges at the central offices. Revenue from power is recognised over time using the rate and usage charged while cooling is recognised over time over the lease term when services are rendered. Revenue from site preparation and installation, fibre splicing and onsite work and escort charges at the central offices are recognised at a point in time when the services are rendered or upon completion of the services; and
   iii. Invoices for co-location revenue are issued on a monthly basis and are payable within 30 days.

f. Installation-related revenue includes the following:
   i. One-time charges imposed on Requesting Licensees for the installation of a termination point at residential home, non-residential premises and/ or NBAP locations, and charges for the relocation, repair, replacement or removal of existing termination points and/ or fibre cables within the same residential home, non-residential premises and/ or NBAP location. Revenue from the installation of network fibre is recognised upon completion of the installation of the network fibre for each customer;
   ii. Service activation charge imposed on Requesting Licensees for each activation of service on any fibre which comprises of the patching and unpatching services relating to each new connection. Revenue from the patching services is recognised upon activation of fibre connection, while revenue from the unpatching services is deferred until the unpatching work for the termination of fibre connection is completed; and
   iii. Invoices for installation-related revenue are issued on a monthly basis when the service is completed and/ or rendered and are payable within 30 days.

g. Ancillary project revenue includes the following:
   i. Diversion revenue received from third parties, such as developers and the Government Agencies upon their request for the diversion of NLT's ducts, manholes and fibre cables due to events such as road works, the construction of MRT infrastructure and tunnels and building construction. Revenue is recognised upon completion of diversion work for each customer. Invoices for diversion revenue to third parties are issued and payment is received before work commencement. Invoices to Government Agencies are issued upon work completion and are payable within 30 days.
   ii. Other Ducts and Manhole income pertains to recovery of costs incurred on ducts & manhole activity requested by third party, such as the raising of manhole covers for third party works. Revenue is recognised at a point in time when the services are rendered and are payable before work commencement.

h. Fibre related and other revenue primarily comprise premature termination and cancellation charges received from Requesting Licensees following the termination of a connection, and charges imposed on third parties for the recovery of costs incurred for fibre repair work resulting from such third parties' damage to NLT's network. Revenue is recognised at a point in time when the services are rendered or upon completion of fibre repair work. Invoices for fibre related and other revenue are issued on a monthly basis whenever the service is completed and/ or rendered and are payable within 30 days.

i. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.26 Revenue recognition (cont'd)

j. Dividend/distribution income from subsidiaries is recognised when the shareholders/ unitholders' rights to receive payment have been established.

k. Deferred revenue relates to unearned revenue and is recognised in the profit or loss when ducts and manholes service, installation-related, unpatching services portion from service activation charges and ancillary project services are rendered.

Customer rebates and discounts are recognised against the respective revenue.

As at 31 March 2023, all performance obligations that are unsatisfied or partially satisfied are either part of a contract that has an original expected duration of one year or less, or the Group has a right to consideration from the customer in an amount that corresponds directly with the value to the customer of the Group's performance, the Group has applied the practical expedient to not disclose the related unsatisfied performance obligations.

### 2.27 Segment reporting

An operating segment is a component of the Group:

(a) that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components;
(b) whose operating results are regularly reviewed by the entity's chief operating decision maker and the Group to make decisions about resources to be allocated to the segment and assess its performance; and
(c) for which discrete financial information is available.

### 2.28 Distributions to the Unitholders

Distributions to the Unitholders are recorded in equity in the period in which they are approved for payment.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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.

**Critical judgements and key sources of estimation uncertainty in applying the entity's accounting policies**
The following are the critical judgements and key sources of estimation uncertainty that Trustee-Manager has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

a. **Estimated useful life of property, plant and equipment (Note 17)**
The Group reviews annually the estimated useful life of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful life of property, plant and equipment would decrease the net profit and decrease the carrying value of property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

b. **Impairment reviews on goodwill and investment in subsidiaries**

During an impairment review, the Group assesses whether the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is defined as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. In making this judgement, the Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets or cash-generating units using cash flow projections which have been discounted at an appropriate rate. Forecasts of future cash flows are based on the Group's estimates using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

The assumptions used by management to determine the value in use calculations are disclosed in Note 20.

## 4. REVENUE

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| **Timing of revenue recognition** | | |
| At a point in time: | | |
| - Ducts and manholes service revenue – ad-hoc services | 184 | 70 |
| - Installation-related revenue | 20,269 | 19,277 |
| - Ancillary project revenue | 25,654 | 10,059 |
| - Co-location revenue – Others | 689 | 566 |
| - Fibre related revenue | 2,458 | 2,273 |
| - Other revenue | 127 | 88 |
| | 49,381 | 32,333 |
| Over time: | | |
| - Ducts and manholes service revenue - Provision of space | 27,431 | 27,908 |
| - Central office revenue | 4,176 | 4,625 |
| - Finance lease income (Note 14) | 3,978 | 4,391 |
| - Service income and charges | 7,067 | 7,258 |
| - Connection revenue (Note 36) | 293,284 | 284,647 |
| - Co-location revenue - Space, power and cooling | 18,143 | 16,449 |
| | 354,079 | 345,278 |
| | 403,460 | 377,611 |

## 5. SEGMENT INFORMATION

The chief operating decision maker has been determined as the Chief Executive Officer of the Group. The Chief Executive Officer reviews the internal management reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As the Group is principally engaged in the provision of ducts and manholes, central offices and space in central offices and fibre related services in Singapore, management considers that the Group operates in one single business and geographical segment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 6. OTHER INCOME

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Net gain on disposal of property, plant and equipment | 6 | 14 |
| Interest income | 1,580 | 339 |
| Government grants | 71 | 744 |
| Manhole cover replacement grants[a] | 740 | 160 |
| Third party compensation[b] | 1,777 | 243 |
| Fibre Readiness Certification | 686 | 288 |
| Plant Route Plans | 408 | 374 |
| Notice for Commencement of Earthworks | 576 | 941 |
| Others | 12 | 92 |
| | 5,856 | 3,195 |

## 7. STAFF COSTS

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Salaries and wages | 28,809 | 28,124 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 3,357 | 3,294 |
| Other short-term benefits | 2,054 | 1,691 |
| Less: Staff costs capitalised | (8,676) | (5,654) |
| | 25,544 | 27,455 |

## 8. FINANCE COSTS

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Interest on bank loans | 20,802 | 6,565 |
| Interest on lease liabilities (Note 28) | 786 | 1,242 |
| Interest cost attributable to advanced payment received for ducts and manholes services | 111 | 119 |
| Financing related costs | 1,049 | 1,713 |
| Realised (gain)/loss on interest rate swaps (Note 24) | (6,023) | 840 |
| | 16,725 | 10,479 |

For cash flow purposes, finance costs do not include amortisation of transaction fees. Reconciliation to cash flow statement is as below:

| | | |
|---|---|---|
| Finance costs | 16,725 | 10,479 |
| Amortisation of transaction fees (Note 27) | (859) | (1,530) |
| Net interest expense per cash flow statement | 15,866 | 8,949 |

[a] Grant income recoverable from IMDA for a manhole cover replacement project. The Group assessed that there is reasonable assurance that it complied with the conditions attached to the grants and the grants had been received or receivable.
[b] Third party compensation consists mainly of compensation received from third parties for cable cuts and for construction works performed on behalf of Land Transport Authority ("LTA").

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 9. PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Total depreciation and amortisation: | | |
| Depreciation of property, plant and equipment (Note 17) | 163,515 | 162,057 |
| Depreciation of right-of-use assets (Note 18) | 2,864 | 3,428 |
| Amortisation of licence (Note 21) | 4,238 | 4,238 |
| | 170,617 | 169,723 |
| Other operating expenses: | | |
| Management fee (Note 33) | 1,010 | 1,016 |
| Property tax | 17,753 | 16,809 |
| Expense relating to short-term lease | 37 | 26 |
| Property, plant and equipment written off (Note 17) | 2,380 | 1,221 |
| Provision/ (write-back) for stock obsolescence (Note 15) | 32 | (3) |
| Remeasurement loss from finance lease receivables (Note 14) | - | 12,383 |
| Impairment loss on financial assets: | | |
| Provision/ (write-back) of loss allowance for trade receivables (Note 12) | 2 | (78) |
| Total amount of fees paid/ payable to auditors of the Trust: | | |
| Audit fees paid/ payable to auditors of the Trust | 175 | 175 |
| Non audit fees paid/ payable to auditors of the Trust | 51 | 48 |
| Total | 226 | 223 |

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 10. INCOME TAX CREDIT

The major components of income tax credit for the financial year is as follows:

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Income tax is made up of: | | |
| - Current income tax expense | (15,638) | (16,348) |
| - Under provision of current income tax in prior year | (132) | (1,370) |
| | (15,770) | (17,718) |
| - Deferred income tax due to origination and reversal of temporary differences (Note 29) | 15,683 | 20,250 |
| - Over provision of deferred income tax in prior year (Note 29) | 123 | 1,652 |
| Income tax credit recognised in profit or loss | 36 | 4,184 |

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year is as follows:

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Profit before income tax | 109,217 | 87,078 |
| Income tax expense calculated at a tax rate of 17% | (18,567) | (14,803) |
| Effect of: | | |
| - Income not subject to taxation | 126 | 62 |
| - Expenses not deductible for tax purposes | (1,231) | (1,040) |
| - Tax relief and tax rebate | 52 | 37 |
| - Tax benefit on the tax exempted interest income derived from qualifying project debt securities (Note 23) | 19,635 | 19,635 |
| - (Under)/over provision in prior year – net | (9) | 282 |
| - Others | 30 | 11 |
| | 36 | 4,184 |

### 11. CASH AND BANK DEPOSITS

| | GROUP | | TRUST | |
|---|---|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 | 2023<br>$'000 | 2022<br>$'000 |
| Cash at bank, representing cash and cash equivalents | 200,704 | 149,818 | 59,876 | 57,774 |

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 12. TRADE AND OTHER RECEIVABLES

| | GROUP | | TRUST | |
|---|---|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 | 2023<br>$'000 | 2022<br>$'000 |
| Trade receivables: | | | | |
| - Third parties | 16,190 | 11,910 | 25 | 25 |
| - Substantial Unitholder | 20,962 | 21,457 | - | - |
| - Subsidiaries of a substantial shareholder of the substantial Unitholder | 11,593 | 9,325 | - | - |
| Loss allowances | (64) | (62) | - | - |
| | 48,681 | 42,630 | 25 | 25 |
| Other receivables: | | | | |
| - Third parties | 18,355 | 14,857 | 4 | - |
| - Subsidiaries | - | - | 117 | 92 |
| - Substantial Unitholder[(a)] | - | 8,373 | - | - |
| Grant receivable | 900 | 160 | - | - |
| | 67,936 | 66,020 | 146 | 117 |

**Trade receivables due from third parties, substantial Unitholder and subsidiary of a substantial shareholder of the substantial Unitholder.**

The average credit period is 30 days (2022: 30 days). The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for factors that are specific to the customer.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the customer is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the customer has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier.

[(a)] This is receivable from a substantial Unitholder for additional capital allowances transferred under the group tax relief system pertaining to year of assessment 2016.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 12. TRADE AND OTHER RECEIVABLES (CONT'D)

The following table details the risk profile of trade receivables based on the Group's provision matrix.

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | WEIGHTED AVERAGE LOSS RATE | GROSS CARRYING AMOUNT | LOSS ALLOWANCE | WEIGHTED AVERAGE LOSS RATE | GROSS CARRYING AMOUNT | LOSS ALLOWANCE |
| | % | $'000 | $'000 | % | $'000 | $'000 |
| **GROUP** | | | | | | |
| Current | | 38,134 | 6 | | 33,245 | 12 |
| Past due 1 - 30 days | | 1,950 | 13 | | 2,762 | 8 |
| Past due 31 - 60 days | | 4,096 | 3 | | 2,493 | 21 |
| Past due 61 - 90 days | | 9 | 1 | | 1 | 1 |
| Past due above 90 days | | 4,556 | 41 | | 4,191 | 20 |
| | 0.1 | 48,745 | 64 | 0.1 | 42,692 | 62 |

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

| GROUP | LIFETIME ECL - NOT CREDIT-IMPAIRED | | | |
|---|---|---|---|---|
| | COLLECTIVELY ASSESSED | INDIVIDUALLY ASSESSED | LIFETIME ECL -CREDIT-IMPAIRED | TOTAL |
| | $'000 | $'000 | $'000 | $'000 |
| At 31 March 2021 | 72 | - | 68 | 140 |
| Loss allowance recognised | 35 | - | 9 | 44 |
| Amounts recovered | (66) | - | (56) | (122) |
| At 31 March 2022 | 41 | - | 21 | 62 |
| Loss allowance recognised | 22 | 1 | 26 | 49 |
| Amounts recovered | (41) | - | (6) | (47) |
| At 31 March 2023 | 22 | 1 | 41 | 64 |

**Other receivables due from third parties, subsidiaries and substantial Unitholder**

Other receivables due from third parties, subsidiaries and substantial Unitholder are unsecured, interest-free and are generally receivable on 30 days terms (2022: 30 days).

ECL for other receivables due from third parties, subsidiaries and substantial Unitholder are expected to be insignificant.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 13. CONTRACT ASSETS

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Substantial Unitholder | 10,160 | 13,104 |
| Subsidiaries of a substantial shareholder of the substantial Unitholder | 10,796 | 8,884 |
| Third parties | 6,861 | 7,662 |
| | 27,817 | 29,650 |

Movements in the contract assets balances during the year are as follows:

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| At the beginning of the year | 29,650 | 25,894 |
| Contract assets recognised, net of reclassification to trade receivables | (1,833) | 3,756 |
| At the end of the year | 27,817 | 29,650 |

The contract assets primarily relate to the Group's rights to consideration for goods and services provided but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

ECL is not expected to be significant for contract assets.

### 14. FINANCE LEASE RECEIVABLES

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Amounts receivable under finance leases | | |
| Year 1 | 4,148 | 4,187 |
| Year 2 | 4,148 | 4,187 |
| Year 3 | 4,148 | 4,187 |
| Year 4 | 4,148 | 4,187 |
| Year 5 | 4,148 | 4,187 |
| Year 6 and onwards | 190,798 | 196,539 |
| Undiscounted lease payments and gross investment in the lease (Note 32b) | 211,538 | 217,474 |
| Less: Unearned finance income | (145,433) | (150,562) |
| Net investment in the lease | 66,105 | 66,912 |
| Undiscounted lease payments analysed as: | | |
| Recoverable within 12 months | 4,148 | 4,187 |
| Recoverable after 12 months | 207,390 | 213,287 |
| | 211,538 | 217,474 |
| Net investment in the lease analysed as: | | |
| Recoverable within 12 months | 211 | 201 |
| Recoverable after 12 months | 65,894 | 66,711 |
| | 66,105 | 66,912 |

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 14. FINANCE LEASE RECEIVABLES (CONT'D)

The following table presents the amounts included in profit or loss.

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Finance income on the net investment in finance leases (Note 4) | 3,978 | 4,391 |

The Group's finance lease arrangements do not include variable payments.

The finance lease receivables relate to the rental agreements on the land and building between a subsidiary and the substantial Unitholder in relation to the space occupied by the substantial Unitholder in the central office buildings owned by the subsidiary. As at 31 March 2012, the Central Office buildings have a remaining lease period of 56 to 76 years.

In FY2022, there was a remeasurement loss of $12.4 million relating to finance lease receivables arising from the reduction in rental rates upon the renewal of the Central Office lease agreements with the substantial Unitholder from 22 September 2021.

The reduction in rental rates did not have a material cashflow impact for FY2022 nor is it expected to have a material cash flow impact for each of the subsequent years. The accounting standards require the reduction in rental rate for FY2022 and subsequent years (i.e. remaining lease term of the leasehold ranging from 47 to 67 years) to be recognised upfront as the remeasurement loss described above.

During the financial year ended 31 March 2023, the substantial Unitholder has surrendered a portion of space in the Central Office buildings, this resulted an amount of $607,000 (2022: $1,234,000) being reclassified from finance lease receivables to leasehold land and buildings under property, plant and equipment (Please refer to Note 17).

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted is approximately 6.2% (2022: 6.2%).

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in SGD.

Loss allowance for finance lease receivables has always been measured at an amount equal to lifetime expected credit losses. Management 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 15. INVENTORIES

| | GROUP | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Fibre and accessories | 6,523 | 3,982 |
| Manhole covers | 183 | 58 |
| Pipes and fittings | 169 | 141 |
| | 6,875 | 4,181 |
| Provision for stock obsolescence | (113) | (81) |
| Balance at the end of the financial year | 6,762 | 4,100 |

Movement in provision for stock obsolescence

| | GROUP | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Balance at beginning of the financial year | 81 | 84 |
| Provision/(write-back) for stock obsolescence during the year (Note 9) | 32 | (3) |
| Balance at the end of the financial year | 113 | 81 |

The inventories are primarily used for construction of network assets, which are capitalisable projects. The cost of inventories recognised as an expense and included in operation and maintenance costs amounted to $445,000 (2022: $433,000).

The cost of inventories recognised as an expense includes $11,000 (2022: $32,000), in respect of write-downs of inventory to net realisable value.

### 16. OTHER CURRENT ASSETS

| | GROUP | | TRUST | |
|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| Deposits | | | | |
| - Third parties | 188 | 51 | - | - |
| - Subsidiary of a substantial shareholder of the substantial Unitholder | - | 45 | - | - |
| Prepayments | | | | |
| - Third parties | 5,482 | 5,400 | 145 | 173 |
| | 5,670 | 5,496 | 145 | 173 |

ECL is expected to be insignificant for deposits.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 17. PROPERTY, PLANT AND EQUIPMENT

| GROUP | LEASEHOLD LAND AND BUILDINGS | NETWORK ASSETS | EXCHANGE EQUIPMENT | LEASEHOLD IMPROVE-MENTS | FURNITURE, FITTINGS AND EQUIPMENT | MOTOR VEHICLES | ASSET UNDER CONSTRUC-TION | TOTAL |
|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Cost:** | | | | | | | | |
| At 1 April 2021 | 33,358 | 3,799,778 | 118,005 | 2,468 | 27,903 | 1,747 | 69,058 | 4,052,317 |
| Reclassification[1] | 1,234 | - | - | (30) | 30 | - | - | 1,234 |
| Additions | 2,271 | 2,067 | 5,122 | 45 | 1,305 | - | 54,476 | 65,286 |
| Transfer | 179 | 58,898 | 134 | - | - | - | (59,211) | - |
| Disposals/ written off | - | (1,110) | (2,088) | - | (450) | - | (171) | (3,819) |
| At 31 March 2022 | 37,042 | 3,859,633 | 121,173 | 2,483 | 28,788 | 1,747 | 64,152 | 4,115,018 |
| Reclassification[1] | 607 | - | - | - | - | - | - | 607 |
| Additions | 108 | 6,701 | 2,198 | 274 | 2,080 | 7 | 83,282 | 94,650 |
| Transfer | 802 | 71,542 | 210 | - | - | - | (72,554) | - |
| Disposals/ written off | (217) | (3,099) | (2,703) | (448) | (954) | - | (186) | (7,607) |
| At 31 March 2023 | 38,342 | 3,934,777 | 120,878 | 2,309 | 29,914 | 1,754 | 74,694 | 4,202,668 |
| **Accumulated depreciation:** | | | | | | | | |
| At 1 April 2021 | 6,752 | 1,017,075 | 72,754 | 2,367 | 25,246 | 639 | 48 | 1,124,881 |
| Reclassification[1] | 145 | - | - | (8) | 8 | - | (145) | - |
| Depreciation charge | 1,330 | 148,913 | 9,568 | 29 | 1,878 | 175 | 164 | 162,057 |
| Transfer | 66 | - | 1 | - | - | - | (67) | - |
| Disposals/ written off | - | (336) | (1,812) | - | (450) | - | - | (2,598) |
| At 31 March 2022 | 8,293 | 1,165,652 | 80,511 | 2,388 | 26,682 | 814 | - | 1,284,340 |
| Depreciation charge | 1,563 | 151,323 | 8,504 | 64 | 1,856 | 175 | 30 | 163,515 |
| Transfer | 19 | - | 11 | - | - | - | (30) | - |
| Disposals/ written off | (165) | (1,067) | (2,593) | (448) | (954) | - | - | (5,227) |
| At 31 March 2023 | 9,710 | 1,315,908 | 86,433 | 2,004 | 27,584 | 989 | - | 1,442,628 |
| **Net carrying amount:** | | | | | | | | |
| At 31 March 2022 | 28,749 | 2,693,981 | 40,662 | 95 | 2,106 | 933 | 64,152 | 2,830,678 |
| At 31 March 2023 | 28,632 | 2,618,869 | 34,445 | 305 | 2,330 | 765 | 74,694 | 2,760,040 |

Leasehold land and buildings include leases of land on which the Group's Central Office buildings are built on, with remaining lease terms of between 45 years to 65 years (2022: 46 years to 66 years) and have a carrying amount of $13,583,000 (2022: $13,634,000).

1. Reclassification of Property, plant and equipment consist of the below:
(a) Reclassification of $607,000 (2022: $1,234,000) from Finance lease receivable to Leasehold land and buildings (Note 14).
(b) Reclassification of $NIL (2022: $30,000) from Leasehold improvements to Furniture, fittings and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 18. RIGHT-OF-USE ASSETS

The Group leases several leasehold land and buildings and furniture, fittings and equipment. The average lease term is 16 years (2022: 16 years).

| GROUP | LEASEHOLD LAND AND BUILDINGS $'000 | FURNITURE, FITTINGS AND EQUIPMENT $'000 | TOTAL $'000 |
|---|---|---|---|
| **Cost:** | | | |
| At 1 April 2021 | 51,039 | 408 | 51,447 |
| Additions | 2,067 | 204 | 2,271 |
| At 31 March 2022 | 53,106 | 612 | 53,718 |
| Increase | 2,707 | - | 2,707 |
| Decrease | (5,638) | - | (5,638) |
| Disposal | (4,890) | (344) | (5,234) |
| At 31 March 2023 | 45,285 | 268 | 45,553 |
| **Accumulated depreciation:** | | | |
| At 1 April 2021 | 14,376 | 256 | 14,632 |
| Depreciation charge (Note 9) | 3,286 | 142 | 3,428 |
| At 31 March 2022 | 17,662 | 398 | 18,060 |
| Depreciation charge (Note 9) | 2,757 | 107 | 2,864 |
| Decrease | (176) | - | (176) |
| Disposal | (4,890) | (344) | (5,234) |
| At 31 March 2023 | 15,353 | 161 | 15,514 |
| **Carrying amount:** | | | |
| At 31 March 2022 | 35,444 | 214 | 35,658 |
| At 31 March 2023 | 29,932 | 107 | 30,039 |

The Group has no options to purchase any of its right-of-use assets at the end of the lease term, and there are no extension or termination options nor variable lease payment terms on all leases.

Certain leases that expired in the current financial year were extended, and this resulted in additions to right-of-use assets of $165,000 (2022: $2,165,000).

Due to the decrease in areas leased, the Group has applied lease modifications accounting resulting in a decrease of right-of-use assets amounting to $5,462,000 (2022: $NIL) and lease liability amounting to $5,459,000 (2022: $NIL) (Note 28).

### 19. RENTAL DEPOSITS

| | GROUP | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Third parties | 80 | 80 |
| Substantial Unitholder | 160 | 160 |
| | 240 | 240 |

ECL is expected to be insignificant for rental deposits.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 20. GOODWILL

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| **Cost:** | | |
| Balance at beginning/ end of year | 746,854 | 746,854 |
| **Carrying amount:** | | |
| Balance at beginning/ end of year | 746,854 | 746,854 |

Goodwill arose in the acquisition of NLT because the consideration paid effectively included amounts in relation to the benefits of expected revenue growth which do not meet the recognition criteria for separate intangible assets.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. There is only one cash-generating unit and management considers that the Group operates in one single business unit.

The recoverable amount of the cash-generating unit is determined from value in use calculations. The key assumptions for the value in use calculations are the discount rate and the expected cash flows. The long-term cash flow forecasts are based on revenue, operating and capital expenditure assumptions which are mainly driven by growth rates and operating margins.

The Group prepares cash flow forecasts which are derived from the most recent financial budget approved by the Board. The discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital ("WACC") where the cost of a company's debt and equity capital are weighted to reflect its capital structure.

The WACC used to discount the cash flows is 6.46% (2022: 5.92%). The time period used is 11 years (2022: 12 years) in line with the amortisation of the licence. The terminal growth rates used of 1.5% (2022: 1.5%) do not exceed the long-term average growth rates of the industry in which the Group operates.

As at 31 March 2023, any reasonably possible change to the key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amounts of the cash-generating unit.

### 21. LICENCE

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| **Cost:** | | |
| Balance at beginning/ end of year | 95,980 | 95,980 |
| **Amortisation:** | | |
| Balance at beginning/ end of year | (20,130) | (15,892) |
| Amortisation | (4,238) | (4,238) |
| Balance at end of year | (24,368) | (20,130) |
| **Carrying amount:** | | |
| Balance at end of year | 71,612 | 75,850 |

The Group's Facilities-Based Operations licence pertains to providing access to the ducts, manholes and Central Offices required by other FBOs in rolling out their network for specific telecommunication purposes.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 22. INVESTMENT IN SUBSIDIARIES

| | TRUST | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Unquoted equity investments, at cost | 2,013,673 | 2,013,673 |

Details of the subsidiaries at the end of the reporting period are as follows:

| NAME OF COMPANY/ ENTITY | PRINCIPAL ACTIVITIES (COUNTRY OF INCORPORATION/ PLACE OF BUSINESS) | EFFECTIVE INTEREST HELD BY THE TRUST (%) | |
|---|---|---|---|
| | | 2023 | 2022 |
| **Held by the Trust:** | | | |
| NetLink Trust# | See Note 1 below (Singapore) | 100 | 100 |
| NetLink Management Pte. Ltd.# | Provision of management services to NLT (Singapore) | 100 | 100 |
| NetLink Treasury Pte. Ltd.# | Provision of treasury management activities (Singapore) | 100 | 100 |
| **Held through NetLink Trust:** | | | |
| NetLink Trust Operations Company Pte. Ltd.# | Provision of manpower services to NLT (Singapore) | 100 | 100 |

Note 1:

The principal activities are (i) The ducts and manholes business which entails the ownership, installation, operation and maintenance of ducts, manholes, Central Offices and space in Central Offices in Singapore for the purposes of telecommunication activities; and (ii) The ownership, installation, operation and maintenance of the passive portion of the National Broadband Network of Singapore for the purposes of providing services to provide facilities based operations granted by IMDA which is the successor-in-title of the Info-communications Development Authority of Singapore.

### 23. SUBORDINATED LOAN TO A SUBSIDIARY

On 19 July 2017, the Trust subscribed for $1.1 billion of subordinated notes due in year 2037 issued by NLT, which are qualifying project debt securities. The notes bear interest of 10.5% per annum, payable semi-annually in arrears on 31 March and 30 September each year.

ECL for subordinated loan to a subsidiary are expected to be insignificant.

# Audited by Deloitte & Touche LLP.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 24. DERIVATIVE FINANCIAL INSTRUMENTS

| | TRUST | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| **Non-current** | | |
| Interest rate swaps, designated in hedge accounting relationship (net-settled) | 29,001 | 20,616 |

**Interest rate swaps**

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows based on various inputs, including the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates.

During prior year, the Group entered into interest rate swaps where NLT will pay a fix rate in exchange for 3-month compounded SORA. The Group will settle the difference between the fixed and floating interest rate on a net basis.

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items. Interest rate swap contract assets and liabilities are included in the "derivative financial instruments" within the consolidated statements of financial position.

| GROUP | | | | LIFE TO DATE VALUES AS AT 31 MARCH | | | YEAR TO DATE VALUES RECOGNISED DURING THE YEAR ENDED 31 MARCH | |
|---|---|---|---|---|---|---|---|---|
| | | | | | CARRYING AMOUNT OF THE HEDGING INSTRU-MENT | | HEDGE EFFECTIVE-NESS IN RESERVES | |
| | CURRENCY | MATURITY YEARS | AVERAGE RATE | NOMINAL AMOUNT OF THE HEDGING INSTRU-MENT | ASSETS | COST OF HEDGING RESERVE | MARKED TO MARKET GAIN THROUGH OCI | INCOME STATEMENT GAIN/ (LOSS) (NOTE 8) |
| | | | | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2023** | | | | | | | | |
| Cash flow hedge | | | | | | | | |
| Interest rate swaps | SGD | 3 | 1.85% | 510,000 | 29,001 | (29,001) | 8,385 | 6,023 |
| **2022** | | | | | | | | |
| Cash flow hedge | | | | | | | | |
| Interest rate swaps | SGD | 4 | 1.85% | 510,000 | 20,616 | (20,616) | 20,616 | (840) |

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 24. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

The cost of hedging reserves is the hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

The interest rate swaps settle on a quarterly basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount recognised in other comprehensive income is reclassified from equity to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

### 25. TRADE AND OTHER PAYABLES

| | GROUP | | TRUST | |
|---|---|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 | 2023<br>$'000 | 2022<br>$'000 |
| **Current** | | | | |
| Trade payables | | | | |
| - Third parties | 21,490 | 16,999 | 3 | 5 |
| - Substantial Unitholder | 4,539 | 2,032 | - | - |
| - Subsidiaries of a substantial shareholder of the substantial Unitholder | 236 | 289 | - | - |
| - Other related parties | 25 | 109 | 25 | 29 |
| Other payables | 1,346 | 1,224 | - | - |
| Accruals: | | | | |
| - Property, plant and equipment | 13,053 | 8,762 | - | - |
| - Property, plant and equipment from substantial Unitholder | - | 6,380 | - | - |
| - Operating expenses | 13,921 | 15,193 | 196 | 213 |
| - Operating expenses from substantial Unitholder | 3,915 | 2,118 | - | - |
| Interest payable to third parties | 64 | 36 | - | - |
| Provision for reinstatement cost | 495 | 655 | - | - |
| Share-based payments | 958 | 1,571 | - | - |
| | 60,042 | 55,368 | 224 | 247 |
| **Non-current** | | | | |
| Other payables: | | | | |
| Share-based payments | 1,059 | 1,313 | - | - |

Trade and other payables pertaining to third parties, substantial Unitholder, Trustee-Manager of the Trust, related parties in which a subsidiary of the substantial Unitholder and subsidiaries of a substantial shareholder of the substantial Unitholder, are normally settled between 30 to 90 days terms and are non-interest bearing.

The trade payables for related parties consist of:

- Amount owing to a subsidiary of the substantial Unitholder is $NIL (2022: $80,000).
- Amount owing to Trustee-Manager is $25,000 (2022: $29,000).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 25. TRADE AND OTHER PAYABLES (CONT'D)

### Cash-settled share-based payments

The Group issued to certain employees Long Term Incentive Programme ("LTIP") that require the Group to pay the intrinsic value of the LTIP to the employee upon vesting after the end of a three-year performance period. The Group has recorded liabilities of $2.0 million (2022: $2.9 million). The Group recorded total expenses of $0.7 million (2022: $0.6 million) during the year in respect of LTIP. The total intrinsic value of the vested LTIP at 31 March 2023 was $1.0 million (2022: $1.6 million).

## 26. DEFERRED REVENUE

Group's revenue that was included in deferred revenue at the end of the year:

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| **Current** | | |
| Amounts received/ receivable for ducts and manholes services(i) | 403 | 382 |
| Amounts received/ receivable for ancillary project services(ii) | 15,528 | 7,622 |
| Amounts received/ receivable for service activation charge(iii) | 19,347 | 17,292 |
| Amounts receivable for which collection is uncertain(iv) | 772 | 726 |
| Amounts received in advance for installation-related revenue(v) | 46 | 35 |
| Amounts received in advance for Notice for Commencement of Earthworks(vi) | 825 | 416 |
| Balance at end of year | 36,921 | 26,473 |
| **Non-current** | | |
| Amounts received/ receivable for ducts and manholes services(i) | 5,530 | 5,919 |
| Amounts received/ receivable for ancillary project services(ii) | - | 2,313 |
| Balance at end of year | 5,530 | 8,232 |

Group's revenue that was included in deferred revenue at the beginning of the year:

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Amounts received/ receivable for ducts and manholes services(i) | 382 | 374 |
| Amounts received/ receivable for ancillary project services(ii) | 8,852 | 3,072 |
| Amounts received/ receivable for service activation charge(iii) | 2,615 | 2,386 |
| Amounts receivable for which collection is uncertain(iv) | 513 | 267 |
| Amounts received in advance for installation-related revenue(v) | 34 | 21 |
| Amounts received in advance for Notice for Commencement of Earthworks(vi) | 416 | 461 |
| Recognised as revenue in profit or loss | 12,812 | 6,581 |

(i) Revenue received in advance from substantial Unitholder, which is recognised as revenue when the services are rendered.
(ii) Revenue related to ancillary project services is recognised when the services are completed. When the customer initially prepays for the services, deferred revenue is recognised until the services are provided to the customer. The increase in deferred revenue for ancillary project services is due to increase in advance billings received.
(iii) The service activation charge relating to the termination of fibre connections is deferred and recognised only upon completion of unpatching works required for the termination of fibre connections.
(iv) Other invoices issued to customers for which services have yet to be rendered or collection is uncertain. Revenue is recognised upon service completion or probable collection. An example is the recovery of costs incurred for cable cut incidents by errant contractors.
(v) Revenue related to installation of fibre related works collected in advance and recognised only upon completion of installation works.
(vi) Revenue related to Notice for Commencement of Earthworks collected in advance and recognised only upon completion of works or 12 months after collection.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 27. LOANS

| | EFFECTIVE AVERAGE INTEREST RATE[i] | | GROUP | |
|---|---|---|---|---|
| | 2023 % | 2022 % | 2023 $'000 | 2022 $'000 |
| **Unsecured borrowings** | | | | |
| Repayable within one year | | | | |
| - Bank loans (unsecured) | - | 0.83 | - | 155,797 |
| Repayable after one year | | | | |
| - Bank loans (unsecured) | 2.14 | 1.29 | 732,016 | 507,890 |
| | | | 732,016 | 663,687 |

| MATURITY | TERMS | UTILISED 2023 $'000 | UTILISED 2022 $'000 |
|---|---|---|---|
| March 2023[ii] | $210 million Three-Year RCF | - | 156,000 |
| May 2026 | $510 million Five-Year Term Loan | 510,000 | 510,000 |
| September 2027[iii] | $180 million Five-Year Term Loan | 180,000 | - |
| September 2025[iii] | $90 million Three-Year RCF | 45,000 | - |
| March 2026[iv] | $120 million Three-Year RCF | - | - |
| | | 735,000 | 666,000 |
| | Transaction costs | (2,984) | (2,313) |
| | | 732,016 | 663,687 |

[i] The interest expenses used in the computation of effective average interest rate included the impact of net settlement of interest rate swaps.
[ii] $156.0 million was repaid and the $210.0 million Three-Year RCF was cancelled on 30 September 2022.
[iii] A new $270.0 million facility agreement was entered into on 15 September 2022 comprising of a $180.0 million Sustainability-Linked Five-Year Term Loan which will mature on 15 September 2027, and a $90.0 million Sustainability-Linked Three-Year RCF which will mature on 15 September 2025. The $180.0 million term loan was fully drawn on 30 September 2022, to repay the $156.0 million Three-Year RCF (Note (ii)). The balance of $24.0 million was used to fund capital expenditure. $45.0 million was drawn on 31 March 2023 from the $90.0 million Sustainability-Linked Three-Year RCF to fund near term capital expenditure.
[iv] A new $120.0 million Sustainability-Linked Three-Year RCF was established on the same terms and conditions specified in the $270.0 million facility agreement entered into on 15 September 2022 mentioned in footnote (iii) above.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 27. LOANS (CONT'D)

**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.

| | 1 APRIL 2022 $'000 | FINANCING CASH FLOWS $'000 | NON-CASH AMORTISATION OF TRANSACTION FEES (NOTE 8) $'000 | 31 MARCH 2023 $'000 |
|---|---|---|---|---|
| Loans | 663,687 | 67,470# | 859 | 732,016 |

| | 1 APRIL 2021 $'000 | FINANCING CASH FLOWS $'000 | NON-CASH AMORTISATION OF TRANSACTION FEES (NOTE 8) $'000 | 31 MARCH 2022 $'000 |
|---|---|---|---|---|
| Loans | 664,707 | (2,550)# | 1,530 | 663,687 |

**#Reconciliation of financing cashflows**

| | GROUP | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Additional bank loan | 69,000 | - |
| Loan arrangement fee* | (1,530) | (2,550) |
| | 67,470 | (2,550) |

*For cash flow purposes, financing cash flow comprises payment for loan arrangement fee of $1,530,000 (2022: $2,550,000) and agency fee of $45,000 (2022: $42,000) which is included under other operating expense in profit and loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 28. LEASE LIABILITIES

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Maturity analysis: | | |
| Not later than one year | 2,553 | 3,411 |
| Later than one year but not later than five years | 7,681 | 8,882 |
| Later than five years | 48,520 | 62,747 |
| | 58,754 | 75,040 |
| Less: Unearned interest | (25,517) | (36,592) |
| | 33,237 | 38,448 |
| Analysed as: | | |
| Current | 1,635 | 2,239 |
| Non-current | 31,602 | 36,209 |
| | 33,237 | 38,448 |

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

**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.

| | | | NON-CASH CHANGES | | | |
|---|---|---|---|---|---|---|
| | 1 APRIL 2022<br>$'000 | FINANCING CASH FLOWS<br>$'000 | ADDITIONS<br>$'000 | FINANCE COST RECOGNISED (NOTE 8)<br>$'000 | ADJUSTMENT (NOTE 18)<br>$'000 | 31 MARCH 2023<br>$'000 |
| Lease liabilities | 38,448 | (3,245) | 2,707 | 786 | (5,459) | 33,237 |

| | | | NON-CASH CHANGES | | | |
|---|---|---|---|---|---|---|
| | 1 APRIL 2021<br>$'000 | FINANCING CASH FLOWS<br>$'000 | ADDITIONS<br>$'000 | FINANCE COST RECOGNISED (NOTE 8)<br>$'000 | ADJUSTMENT (NOTE 18)<br>$'000 | 31 MARCH 2022<br>$'000 |
| Lease liabilities | 38,827 | (3,857) | 2,236 | 1,242 | - | 38,448 |

## 29. DEFERRED TAX 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.

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Movement in deferred tax account is as follows: | | |
| Balance at beginning of year | 484,638 | 506,540 |
| Credited to profit or loss (Note 10) | (15,806) | (21,902) |
| Balance at end of year | 468,832 | 484,638 |

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 income tax liabilities**

| GROUP | ACCELERATED TAX DEPRECIATION<br>$'000 | FINANCE LEASE RECEIVABLES<br>$'000 | LICENSE<br>$'000 | OTHERS<br>$'000 | TOTAL<br>$'000 |
|---|---|---|---|---|---|
| At 1 April 2021 | 483,689 | 13,726 | 13,615 | 220 | 511,250 |
| Credited to profit or loss | (17,814) | (2,351) | (720) | 173 | (20,712) |
| At 31 March 2022 | 465,875 | 11,375 | 12,895 | 393 | 490,538 |
| Credited to profit or loss | (13,745) | (137) | (721) | 114 | (14,489) |
| At 31 March 2023 | 452,130 | 11,238 | 12,174 | 507 | 476,049 |

**Deferred income tax assets**

| GROUP | DEFERRED REVENUE<br>$'000 | TOTAL<br>$'000 |
|---|---|---|
| At 1 April 2021 | (4,710) | (4,710) |
| Credited to profit or loss | (1,190) | (1,190) |
| At 31 March 2022 | (5,900) | (5,900) |
| Credited to profit or loss | (1,317) | (1,317) |
| At 31 March 2023 | (7,217) | (7,217) |
| **Net deferred income tax liabilities** | | |
| At 31 March 2022 | | 484,638 |
| At 31 March 2023 | | 468,832 |

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 30. UNITS IN ISSUE

| | NUMBER OF UNITS | | UNITS IN ISSUE | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023<br>$'000 | 2022<br>$'000 |
| **Group and Trust** | | | | |
| Balance at beginning and end of year | 3,896,971,100 | 3,896,971,100 | 3,117,178 | 3,117,178 |

All issued units are fully paid and rank *pari passu* in all respects.

### 31. EARNINGS PER UNIT

Basic earnings per unit is calculated by dividing profit attributable to unitholders of the Trust by the weighted average number of units on issue during the financial year. Diluted earnings per unit is calculated by dividing profit attributable to unitholders of the Trust by the weighted average number of units on issue during the financial year (adjusted for the effects of dilutive unit options).

The calculation of the basic earnings per unit is based on the following data:

| EARNINGS | 2023<br>$'000 | 2022<br>$'000 |
|---|---|---|
| Profit attributable to unitholders of the Trust for basic and diluted earnings per unit computation | 109,253 | 91,262 |

| NUMBER OF UNITS | 2023 | 2022 |
|---|---|---|
| Weighted average number of units on issue applicable for basic and diluted earnings per unit computation | 3,896,971,100 | 3,896,971,100 |

### 32. COMMITMENTS

**a. Operating lease commitments – as lessee**

At 31 March 2023 and 31 March 2022, the Group does not have any significant commitments to short-term leases.

**b. Finance lease commitments – as lessor**

The Group's finance lease commitments as lessor are shown in Note 14.

Included in the future minimum finance lease receivables comprise future minimum finance lease receivables from the substantial Unitholder which amounted to $211,538,000 (2022: $217,474,000).

**c. Capital commitments**

Capital expenditure contracted for at the consolidated statement of financial position date but not recognised in the financial statements are as follows:

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Property, plant and equipment | 138,882 | 52,011 |

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 33. RELATED PARTY TRANSACTIONS

a. In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties during the financial year:

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Services rendered to a substantial Unitholder | 161,708 | 161,783 |
| Services rendered to subsidiaries of a substantial shareholder of the substantial Unitholder | 129,098 | 105,781 |
| Purchase of services from a substantial Unitholder | 5,765 | 5,393 |
| Purchase of fixed assets from a substantial Unitholder | 6,701 | 3,519 |
| Management fee paid or payable to Trustee-Manager of the Trust | 1,010 | 1,016 |
| Purchase of services from subsidiaries of a substantial shareholder of the substantial Unitholder | 3,493 | 3,741 |
| Purchase of fixed assets from subsidiaries of a substantial shareholder of the substantial Unitholder | 163 | - |
| Purchases of goods from subsidiaries of the substantial Unitholder | 75 | 75 |

b. Compensation of directors and key management personnel compensation are as follows:

| | GROUP | |
|---|---|---|
| | 2023<br>$'000 | 2022<br>$'000 |
| Wages and salaries | 3,123 | 3,552 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | 41 | 35 |
| Other benefits | 106 | 137 |

The remuneration of directors and key management are determined by the Board Remuneration Committee having regard to the performance of individuals and market trends.

### 34. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Group's activities expose it to a variety of financial risks arising from its operations. The key financial risks include credit risk, interest rate risk and liquidity risk. 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 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 and exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses a variety of derivative financial instruments to manage its exposure to interest rate, including interest rate swaps to mitigate the risk of rising interest rates.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 34. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

### a. Market risk management

**i. Foreign currency risk**

The Group's revenue and expenditure are primarily transacted in Singapore Dollars ("SGD"). Foreign currency transactions are minimised and settled using spot rate. There is no significant foreign currency risk.

**ii. Interest rate risk management**

Summary quantitative data of the Group's interest-bearing financial instruments can be found in section (d) of this Note. The Group sometimes borrow at variable rates and uses interest rate swaps as cash flow hedges of future interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates.

The Group's policy is to maintain a mix of borrowings in both floating and fixed rate instruments to manage its overall exposure to interest rate risk. The interest rate swaps allow the Group to raise long-term borrowings at floating rates and swap them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Further details of the interest rate swaps can be found in Note 24 to the financial statements.

A new $270.0 million facility agreement was entered into on 15 September 2022 comprising of a $180.0 million Sustainability-Linked Five-Year Term Loan, and a $90.0 million Sustainability-Linked Three-Year RCF which will mature on 15 September 2025. $180.0 million term loan was fully drawn on 30 September 2022. $45.0 million was drawn on 31 March 2023 from the $90.0 million Sustainability-Linked Three-Year RCF to fund near term capital expenditure. The exposures arise on derivatives and non-derivative financial assets and liabilities (e.g. bank borrowings) referenced to SORA.

<u>Interest rate benchmark transition for non-derivative financial instruments</u>

There are no loans in transition using the practical expedient in SFRS(I) 9 which allows the Group to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate.

<u>Interest rate benchmark transition for derivatives and hedge relationships</u>

During the year ended 31 March 2022, the Group entered into $510.0 million interest rate swaps where NLT will pay a fix rate in exchange for 3-month compounded SORA. The Group will settle the difference between the fixed and floating interest rate on a net basis.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 34. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

#### a. Market risk management (cont'd)

iii. Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point (2022: 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.

An interest rate swap for the $510.0 million loan is in place to hedge outstanding bank loans exposure to interest rate fluctuations as at 31 March 2023 (2022: $510 million).

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's Profit for the financial year ended 31 March 2023 would decrease/increase by $1,125,000 (2022: $780,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

#### b. Credit risk management

Of the trade and other receivables, finance lease receivable, contract assets, other current assets and rental deposits at the end of the year, $119.8 million (2022: $128.3 million) is due from substantial Unitholder and subsidiary of the substantial shareholder of a substantial Unitholder of the Group. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to substantial Unitholder and subsidiary of a substantial shareholder of the substantial Unitholder of the Group represent 71.4% (2022: 76.2%) of total trade and other receivables, finance lease receivable, contract assets, other current assets, and rental deposits at year end.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Collateral held as security and other credit enhancements

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statements of financial position less collateral held. Collaterals in the form of cash are obtained from counterparties where appropriate.

Cash and fixed deposits are placed with banks which are regulated and with high credit ratings.

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 31 March 2023, 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 arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

For the Group, there is a significant concentration of credit risk to their major customers which is a substantial Unitholder and subsidiary of the substantial shareholder of a substantial Unitholder of the Trust for the duration of the respective service contracts entered into. The Group monitors the credit risk by ensuring that payments are received by the contracted payment date.

The Group’s current credit risk grading framework on the following page comprises the following categories:

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 34. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

#### b. Credit risk management (cont'd)

Overview of the Group's exposure to credit risk (cont'd)

| CATEGORY | DESCRIPTION | BASIS FOR RECOGNISING EXPECTED CREDIT LOSSES |
|---|---|---|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts. | 12-month ECL (other than trade receivables without significant financing component and contract assets) |
| 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 >90 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 tables 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:

| GROUP | NOTE | EXTERNAL CREDIT RATING | INTERNAL CREDIT RATING | 12-MONTH OR LIFETIME ECL | GROSS CARRYING AMOUNT $'000 | LOSS ALLOWANCE $'000 | NET CARRYING AMOUNT $'000 |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| **Trade receivables** | | | | | | | |
| Substantial Unitholder | 12 | A-* | (i) | Lifetime ECL | 20,962 | (1) | 20,961 |
| Subsidiaries of a substantial shareholder of the substantial Unitholder | 12 | N.A. | (i) | Lifetime ECL | 11,593 | (3) | 11,590 |
| Third parties | 12 | N.A. | (i) | Lifetime ECL | 16,190 | (60) | 16,130 |
| **Other receivables** | | | | | | | |
| Third parties | 12 | N.A. | Performing | 12-month ECL | 18,355 | - | 18,355 |
| **Grant receivables** | 12 | N.A. | Performing | 12-month ECL | 900 | - | 900 |
| **Contract assets** | 13 | N.A. | (i) | Lifetime ECL | 27,817 | - | 27,817 |
| **Finance lease receivables** | 14 | A-* | (i) | Lifetime ECL | 66,105 | - | 66,105 |
| **Other current asset** | | | | | | | |
| **Deposit** | | | | | | | |
| Third parties | 16 | N.A. | Performing | 12-month ECL | 188 | - | 188 |
| **Rental deposit** | | | | | | | |
| Substantial Unitholder | 19 | A-* | Performing | 12-month ECL | 160 | - | 160 |
| Third parties | 19 | N.A. | Performing | 12-month ECL | 80 | - | 80 |
| | | | | | | (64) | |

* The external credit rating is based on Standard and Poor's rating as at 31 March 2023 and 31 March 2022.
N.A. = Not applicable.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 34. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

#### b. Credit risk management (cont'd)

Overview of the Group's exposure to credit risk (cont'd)

| GROUP | NOTE | EXTERNAL CREDIT RATING | INTERNAL CREDIT RATING | 12-MONTH OR LIFETIME ECL | GROSS CARRYING AMOUNT | LOSS ALLOWANCE | NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|---|
| | | | | | $'000 | $'000 | $'000 |
| **2022** | | | | | | | |
| **Trade receivables** | | | | | | | |
| Substantial Unitholder | 12 | A-* | (i) | Lifetime ECL | 21,457 | - | 21,457 |
| Subsidiaries of a substantial shareholder of the substantial Unitholder | 12 | N.A. | (i) | Lifetime ECL | 9,325 | - | 9,325 |
| Third parties | 12 | N.A. | (i) | Lifetime ECL | 11,910 | (62) | 11,848 |
| **Other receivables** | | | | | | | |
| Substantial Unitholder | 12 | A-* | (i) | Lifetime ECL | 8,373 | - | 8,373 |
| Third parties | 12 | N.A. | Performing | 12-month ECL | 14,857 | - | 14,857 |
| **Grant receivables** | 12 | N.A. | Performing | 12-month ECL | 160 | - | 160 |
| **Contract assets** | 13 | N.A. | (i) | Lifetime ECL | 29,650 | - | 29,650 |
| **Finance lease receivables** | 14 | A-* | (i) | Lifetime ECL | 66,912 | - | 66,912 |
| **Other current asset** | | | | | | | |
| **Deposit** | | | | | | | |
| Subsidiary of a substantial shareholder of the substantial Unitholder | 16 | N.A. | Performing | 12-month ECL | 45 | - | 45 |
| Third parties | 16 | N.A. | Performing | 12-month ECL | 51 | - | 51 |
| **Rental deposit** | | | | | | | |
| Substantial Unitholder | 19 | A-* | Performing | 12-month ECL | 160 | - | 160 |
| Third parties | 19 | N.A. | Performing | 12-month ECL | 80 | - | 80 |
| | | | | | | (62) | |

* The external credit rating is based on Standard and Poor's rating as at 31 March 2023 and 31 March 2022.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 34. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

### b. Credit risk management (cont'd)

Overview of the Group's exposure to credit risk (cont'd)

| TRUST | NOTE | EXTERNAL CREDIT RATING | INTERNAL CREDIT RATING | 12-MONTH OR LIFETIME ECL | GROSS CARRYING AMOUNT | LOSS ALLOWANCE | NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|---|
| | | | | | $'000 | $'000 | $'000 |
| **2023** | | | | | | | |
| **Trade receivables** | | | | | | | |
| Third parties | 12 | N.A. | (i) | Lifetime ECL | 25 | - | 25 |
| **Other receivables** | | | | | | | |
| Subsidiaries | 12 | N.A. | Performing | 12-month ECL | 117 | - | 117 |
| Third parties | 12 | N.A. | Performing | 12-month ECL | 4 | - | 4 |
| **2022** | | | | | | | |
| **Trade receivables** | | | | | | | |
| Third parties | 12 | N.A. | (i) | Lifetime ECL | 25 | - | 25 |
| **Other receivables** | | | | | | | |
| Subsidiaries | 12 | N.A. | Performing | 12-month ECL | 92 | - | 92 |

i. As per Note 2.11(i), NetLink Group recognises lifetime ECL for trade receivables, contract assets and finance lease receivables, and has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix and taking into account the historical default experience. For all other financial assets, the Group measures the loss allowance applying an amount equal to 12-month ECL. Notes 12, 13, 14, 16 and 19 include further details on the loss allowance for all financial assets.

### c. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements.

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cash flow. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

As at the date of this report, the Group has $165.0 million (2022: $54.0 million) of undrawn committed borrowing facilities available for working capital and general corporate use and bank guarantee of $580,000 (2022: $580,000).

N.A. = Not applicable.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 34. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

**c. Liquidity risk management (cont'd)**

**Non-derivative financial liabilities**

The table below analyses the maturity profile of the Group's and Trust's financial liabilities based on contractual undiscounted cash flows.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

| | EFFECTIVE INTEREST RATE# % | WITHIN 1 YEAR $'000 | BETWEEN 2 AND 5 YEARS $'000 | MORE THAN 5 YEARS $'000 | ADJUSTMENT $'000 | TOTAL $'000 |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| **Group** | | | | | | |
| Loans | 2.14 | 17,813 | 730,169 | - | (15,966) | 732,016 |
| Trade and other payables | - | 60,042 | 1,059 | - | - | 61,101 |
| Lease liabilities | 3.01 | 2,553 | 7,681 | 48,520 | (25,517) | 33,237 |
| | | 80,408 | 738,909 | 48,520 | (41,483) | 826,354 |
| **Trust** | | | | | | |
| Trade and other payables | - | 224 | - | - | - | 224 |
| **2022** | | | | | | |
| **Group** | | | | | | |
| Loans | 1.11 | 163,100 | 529,010 | - | (28,423) | 663,687 |
| Trade and other payables | - | 55,368 | 1,313 | - | - | 56,681 |
| Lease liabilities | 3.14 | 3,411 | 8,882 | 62,747 | (36,592) | 38,448 |
| | | 221,879 | 539,205 | 62,747 | (65,015) | 758,816 |
| **Trust** | | | | | | |
| Trade and other payables | - | 247 | - | - | - | 247 |

All non-derivative financial assets are recoverable within 1 year except for finance lease receivables disclosed in Note 14.

# The interest expenses used in the computation of effective interest rate included realised loss on interest rate swaps.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 34. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

### d. Fair value of financial assets and financial liabilities

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Group
Some of the Group's financial assets are measured at fair value at each reporting date. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

| FINANCIAL ASSET | FAIR VALUE AS AT ($'000) | | FAIR VALUE HIERARCHY | VALUATION TECHNIQUES AND KEY INPUTS | SIGNIFICANT UNOBSERVABLE INPUTS | RELATIONSHIP AND SENSITIVITY OF UNOBSERVABLE INPUTS TO FAIR VALUE |
|---|---|---|---|---|---|---|
| | 31 MARCH 2023 | 31 MARCH 2022 | | | | |
| Interest rate swaps | 29,001 | 20,616 | Level 2 | Note 1 | N.A. | N.A. |

Note 1: Discounted cash flow where the future cash flows are estimated based on various inputs, including the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. The Group currently has $735.0 million (2022: $666.0 million) bank loan outstanding and has entered into a series of SORA-based interest rate swaps to convert the variable interest rates on its bank loan into fixed interest rates during year ended 31 March 2023 for a total notional principal amount of $510.0 million (2022: $510.0 million). Accordingly, 69.4% (2022: 76.6%) of the interest in respect of the outstanding amounts under the Group's existing bank loans has been hedged.

The Group has no other financial assets or liabilities that are measured at fair value on a recurring basis.

The Trust has no financial assets or liabilities that are measured at fair value on a recurring basis.

### e. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and to ensure that all externally imposed capital requirements are complied with.

The capital structure of the Group consists of net debt and equity of the Group. Debt is defined by the Group as long-term and short-term borrowings and lease as disclosed in Notes 27 and 28. Net debt is defined as debt after deducting cash and cash equivalents (including cash and bank balances). Equity includes units in issue, reserves and accumulated deficits.

### f. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

Please refer to Note 34(g).

The carrying value less loss allowance of trade receivables approximates their fair values. The carrying amounts of other receivables and finance lease receivables, subordinated loan to a subsidiary and bank loans approximate their fair values.

N.A. = Not applicable.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 34. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES (CONT'D)

### g. Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting year:

| | GROUP | | TRUST | |
|---|---|---|---|---|
| | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| **Financial Assets** | | | | |
| Financial assets at amortised cost | 362,990 | 312,736 | 1,160,022 | 1,157,891 |
| Derivative instruments: | | | | |
| Designated in hedge accounting relationships | 29,001 | 20,616 | - | - |
| | 391,991 | 333,352 | 1,160,022 | 1,157,891 |
| **Financial Liabilities** | | | | |
| Financial assets at amortised cost | 793,117 | 720,368 | 224 | 247 |
| Lease liabilities | 33,237 | 38,448 | - | - |
| Total | 826,354 | 758,816 | 224 | 247 |

## 35. DISTRIBUTION TO UNITHOLDERS

Distribution paid during the year:

| | GROUP AND TRUST | |
|---|---|---|
| | 2023 $'000 | 2022 $'000 |
| Distribution of 2.55 Singapore cents per unit for the period from 1 October 2020 to 31 March 2021 and paid on 9 June 2021 | - | 99,373 |
| Distribution of 2.56 Singapore cents per unit for the period from 1 April 2021 to 30 September 2021 and paid on 1 December 2021 | - | 99,762 |
| Distribution of 2.57 Singapore cents per unit for the period from 1 October 2021 to 31 March 2022 and paid on 10 June 2022 | 100,152 | - |
| Distribution of 2.62 Singapore cents per unit for the period from 1 April 2022 to 30 September 2022 and paid on 30 November 2022 | 102,101 | - |
| | 202,253 | 199,135 |

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 36. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. Management fee and other operating expenses are combined within other operating expenses. Connection revenue for residential, Non-residential, NBAP and Segment are combined under connection revenue. The reclassification is to better reflect and consolidate the revenue and expenses of the Trust.

As a result, the items below have been amended in the statement of profit or loss and other comprehensive income. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

| | GROUP | |
|---|---|---|
| | PREVIOUSLY REPORTED | AFTER RECLASSIFICATION |
| | 2022<br>$'000 | 2022<br>$'000 |
| Management fee | 1,016 | - |
| Other operating expenses | 49,320 | 50,336 |
| | 50,336 | 50,336 |
| Connection revenue - Residential | 240,730 | - |
| Connection revenue - Non-residential | 30,923 | - |
| Connection revenue - NBAP | 1,845 | - |
| Connection revenue - Segment | 11,149 | - |
| Connection revenue | 284,647 | 284,647 |

### 37. SUBSEQUENT EVENTS

Subsequent to the end of reporting year, the Trustee-Manager approved a distribution of $102,100,643 or 2.62 Singapore cents per unit in respect of financial period from 1 October 2022 to 31 March 2023 and it has not been adjusted for the current financial year in accordance with SFRS(I) 1-10 *Events After the Reporting Period*.

# ADDITIONAL INFORMATION

## REQUIRED UNDER THE BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

### 1. INDEPENDENCE OF DIRECTORS

The Board of Directors (the "**Board**") had conducted an annual review of the independence of the Independent Directors in accordance with the Business Trusts Act 2004 (the "**BTA**") and the Business Trusts Regulations 2005 (the "**BTR**").

**NetLink NBN Management Pte. Ltd.**

Having reviewed the independence of Mr Chaly Mah Chee Kheong, Mr Ang Teik Lim Eric, Ms Koh Kah Sek, Ms Ku Xian Hong and Mr Yeo Wico, as of the date of this document, the Board is satisfied that the independent Directors are independent from (a) management relationships with the Trustee-Manager and its subsidiaries, (b) business relationships with the Trustee-Manager and its related corporations or with officers of the Trustee-Manager and its related corporations, and (c) DBS Trustee Limited ("**DBS Trustee**"), being the substantial shareholder of the Trustee-Manager, each in accordance with the relevant provisions of the BTR, based on the reasons set out below.

**Mr Chaly Mah Chee Kheong**

Mr Chaly Mah Chee Kheong is considered to be independent from (a) management relationships with the Trustee-Manager and its subsidiaries, and (b) DBS Trustee, each in accordance with the relevant provisions of the BTR.

However, as NetLink NBN Trust and its subsidiaries (collectively, the "**Group**") provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Chaly Mah Chee Kheong serves or had served as a director or an executive officer or partnership of which he was a partner, in the ordinary course of business.

In this regard, the Board has determined that Mr Chaly Mah Chee Kheong is independent from business relationships with the Trustee-Manager and its related corporations, and is therefore an Independent Director. The Board has reached this conclusion based on the reason that the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Chaly Mah Chee Kheong's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole.

**Mr Ang Teik Lim Eric**

Mr Ang Teik Lim Eric is considered to be independent from (a) management relationships with the Trustee-Manager and its subsidiaries, and (b) DBS Trustee, each in accordance with the relevant provisions of the BTR.

However, as the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Ang Teik Lim Eric serves or had served as a director, in the ordinary course of business.

In this regard, the Board has determined that Mr Ang Teik Lim Eric is independent from business relationships with the Trustee-Manager and its related corporations, and is therefore an Independent Director. The Board has reached this conclusion based on the reason that the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Ang Teik Lim Eric's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole.

For completeness, Mr Ang Teik Lim Eric was employed by DBS Group Holdings Ltd and its subsidiaries (together, the "**DBS Group**") from 1978 but has since retired from the DBS Group on 25 January 2020. DBS Trustee holds all the shares in the Trustee-Manager on trust for the benefit of the Unitholders, and DBS Trustee is a wholly-owned subsidiary of DBS Bank Ltd., which in turn is a wholly-owned subsidiary of DBS Group Holdings Ltd.

# ADDITIONAL INFORMATION

## REQUIRED UNDER THE BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

### Ms Koh Kah Sek

Ms Koh Kah Sek is considered to be independent from (a) management relationships with the Trustee-Manager and its subsidiaries, and (b) DBS Trustee, each in accordance with the relevant provisions of the BTR.

However, as the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Ms Koh Kah Sek serves or had served as a director or an executive officer, in the ordinary course of business.

In addition, Ms Koh Kah Sek is the Executive Director and Chief Financial Officer of Far East Organization and is on the board of directors of various entities within the Far East Organization group, the Sino Group and the Commonwealth Concepts Group, which entities operate within the real estate, food and beverage and/or hospitality industries (collectively, the "**Entities**"). The Entities have engaged in commercial transactions with, and/or performed services for, the Trustee-Manager and its (current and future) related corporations in the ordinary course of business and may in the future engage in similar commercial transactions and/or perform similar services, for which they have received, or may in the future receive, fees in respect of such transactions and/or services.

In this regard, the Board has determined that Ms Koh Kah Sek is independent from business relationships with the Trustee-Manager and its related corporations, and is therefore an Independent Director. The Board has reached this conclusion based on the following reasons:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Ms Koh Kah Sek's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole; and
- while Ms. Koh Kah Sek is the Executive Director and Chief Financial Officer of Far East Organization and is on the board of directors of the Entities which have engaged in commercial transactions with, and/or performed services for, the Trustee-Manager and its (current and future) related corporations, (i) such commercial transactions and/or services were provided on an ad hoc basis and conducted on an arm's length basis and in the ordinary course of business; (ii) Ms. Koh Kah Sek was not and will not be involved in any decision-making process for the entering into by the Trustee-Manager or any of its related corporations of such commercial transactions and/or receipt of services involving the Entities; and (iii) the payments received by the Entities in respect of such transactions and/or services were not material or significant in the context of the Entities or the Group for the financial year ended 31 March 2023 (and in any event were less than $100,000 in aggregate). There will thus be no interference with her exercise of independent judgment and her ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole or the best interests of the Trustee-Manager.

### Ms Ku Xian Hong

Ms Ku Xian Hong is considered to be independent from (a) management relationships with the Trustee-Manager and its subsidiaries, and (b) DBS Trustee, each in accordance with the relevant provisions of the BTR.

However, as the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Ms Ku Xian Hong serves or had served as an executive officer in the ordinary course of business.

In this regard, the Board has determined that Ms Ku Xian Hong is independent from business relationships with the Group and its related corporations, and is therefore an Independent Director. The Board has reached this conclusion based on the reason that the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Ms Ku Xian Hong's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole.

# ADDITIONAL INFORMATION

## REQUIRED UNDER THE BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

**Mr Yeo Wico**

Mr Yeo Wico is considered to be independent from (a) management relationships with the Trustee-Manager and its subsidiaries, and (b) DBS Trustee, each in accordance with the relevant provisions of the BTR.

However, as the Group provides essential utilities services in Singapore, there would be and will continue to be business dealings between the Trustee-Manager and its related corporations and companies on which Mr Yeo Wico serves or had served as a director or partnership of which he is a partner, in the ordinary course of business.

In addition, Mr Yeo Wico is a partner at Allen & Gledhill LLP, one of the top law firms in Singapore. Allen & Gledhill LLP has provided corporate secretarial and/or legal services to the Trustee-Manager and its related corporations, and continues to do so from time to time.

Mr Yeo Wico is also the non-executive and independent director and chairman of Vicplas International Ltd ("VIL") (which is the parent of a subsidiary which may from time to time supply piping products to NetLink Trust on an arm's length basis and in the ordinary course of business). Mr Yeo Wico also holds shares and share options in VIL, being less than 5% of the issued share capital of VIL.

In this regard, the Board has determined that Mr Yeo Wico is independent from business relationships with the Trustee-Manager and its related corporations, and is therefore an Independent Director. The Board has reached this conclusion based on the following reasons:

- the Group provides essential utilities services to individuals and business entities in Singapore on an arm's length basis and in the ordinary course of business. Therefore, where the business relationships are of such a nature as described above, the Board is of the view that such relationships will not interfere with Mr Yeo Wico's independent judgment and ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole;
- while Allen & Gledhill LLP has provided corporate secretarial and/or legal services from time to time to the Trustee-Manager and its related corporations:
    - o Mr Yeo Wico has a less than 5 per cent stake in Allen & Gledhill LLP;
    - o Mr Yeo has not been and will not be involved in any decision which may involve the selection of Allen & Gledhill LLP to provide any services to the Group; and
    - o the fees received by Allen & Gledhill LLP from the Group are not material or significant in the context of Allen & Gledhill LLP or the Group for the relevant period (and in any event were less than $100,000 in aggregate).
- regardless of whether Mr Yeo Wico is a Director, the Group will appoint its legal counsel based on their expertise and decide on their fees based on market rates. There will thus be no interference with his exercise of independent judgment and his ability to act with regard to the interests of all the Unitholders of NetLink NBN Trust as a whole or the best interest of the Trustee-Manager; and
- Mr Yeo Wico does not hold an executive position and is not involved in the day-to-day management of the operations of VIL nor its subsidiaries and will abstain from voting at VIL on any matters in relation to the provisions of products to NetLink Trust. The amount of shares and share options that Mr Yeo Wico holds in VIL were less than 5% of the issued share capital of VIL.

**Mr William Woo Siew Wing** and **Mr Quah Kung Yang** are considered to be non-independent Directors under the BTA and the BTR as they are the management representatives of Singapore Telecommunications Limited, a substantial Unitholder of NetLink NBN Trust.

**Mr Tong Yew Heng** is the Chief Executive Officer of the Trustee-Manager. As an Executive Director of the Trustee-Manager, he is considered to be non-independent under the BTA and the BTR.

# ADDITIONAL INFORMATION

## REQUIRED UNDER THE BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

### 2. STATEMENT OF POLICIES AND PROCEDURES REQUIRED UNDER BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

The Trustee-Manager has established the following policies and practices in relation to its management and governance of NetLink NBN Trust:

- the trust property of NetLink NBN Trust is properly accounted for and the trust property is kept distinct from the property of the Trustee-Manager in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its personal capacity and in its capacity as the Trustee-Manager of NetLink NBN Trust;
- the Board reviews the business operations of NetLink NBN Trust to ensure it focuses on,

i. investing, directly or indirectly, in, and operating, the ownership, installation, operation and maintenance of ducts, manholes, central offices and space in central offices in Singapore for the purposes of telecommunication activities (the "**D&M Business**"), the ownership, installation, operation and maintenance of the passive portion of the Next Generation Nationwide Broadband Network for the purposes of providing services under its licence to provide facilities-based operations granted by the IMDA (the "**Fibre Business**"), and the exploration of opportunities for the ownership, design, construction, installation, operation and maintenance outside of Singapore of any infrastructure networks, systems and facilities to serve telecommunications service providers and others (the "Infrastructure Business"),

ii. selling, leasing or otherwise disposing of the D&M Business and the Fibre Business and exploring any opportunities for the foregoing purposes; and

iii. any business, undertaking or activity associated with, incidental and/ or ancillary to the operation of the businesses referred to in (i) and (ii) as set out in the trust deed dated 19 June 2017 (as amended and restated by the Amending and Restating Deeds dated 25 Jul 2018, 28 Sep 2020, 19 Jul 2021 and 20 July 2022) constituting NetLink NBN Trust (collectively, the "**Trust Deed**");

- the Trustee-Manager identifies potential conflicts between the interests of the Trustee-Manager and the interests of the Unitholders of NetLink NBN Trust and reviews the measures taken to manage conflicts or potential conflicts and will appoint independent advisors whenever necessary to provide required advice. Non-independent Directors of the Trustee-Manager will abstain from voting whenever there are any conflicts or potential conflicts of interest;
- the Trustee-Manager identifies Interested Person Transactions ("**IPTs**") in relation to NetLink NBN Trust. IPTs are properly accounted for and the IPTs are transacted on normal commercial terms as those extended to third parties. The Audit Committee examines the reports to satisfy themselves that all IPTs are conducted in accordance with applicable requirements of the BTA and any other guidelines as may be applicable. IPTs in relation to NetLink NBN Trust during the financial year ended 31 March 2023 are disclosed on page 192;
- the expenses payable to the Trustee-Manager of NetLink NBN Trust out of trust property are appropriate and in accordance with the Trust Deed and regular internal reviews are carried out to ensure that such expenses payable are in order. Fees and expenses charged to NetLink NBN Trust by NetLink NBN Management Pte. Ltd. out of the trust property are disclosed in Note 33 of the financial statements and in paragraph 3 on page 192; and
- the Trustee-Manager complies with and has engaged the services of and obtained advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the Business Trusts Act 2004, the Listing Manual of the Singapore Exchange Securities Trading Limited, and all other relevant laws and regulations.

# ADDITIONAL INFORMATION

## REQUIRED UNDER THE BUSINESS TRUSTS ACT 2004 AND THE BUSINESS TRUSTS REGULATIONS 2005

### 3. INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested person transactions[1] during the financial year (excluding transactions less than $100,000) are as follows:

| | NATURE OF RELATIONSHIP | GROUP | | | |
|---|---|---|---|---|---|
| | | AGGREGATE VALUE OF ALL IPTS DURING THE FINANCIAL PERIOD UNDER REVIEW | | AGGREGATE VALUE OF ALL IPTS CONDUCTED UNDER SHAREHOLDERS' MANDATE PURSUANT TO RULE 920 | |
| | | 2023 $'000 | 2022 $'000 | 2023 $'000 | 2022 $'000 |
| NetLink NBN Management Pte. Ltd.: - Management fees | Trustee-Manager of NetLink NBN Trust | 900 | 900 | - | - |
| - Reimbursement of expenses | | 110 | 116 | - | - |
| | | 1,010 | 1,016 | - | - |

[1] Excludes transactions which are regulated by IMDA or where prices are publicly quoted.

# NETLINK NBN MANAGEMENT PTE. LTD.

(Incorporated in Singapore)
Company Registration. No. 201704783K

# FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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# DIRECTORS' STATEMENT

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

The Directors of NetLink NBN Management Pte. Ltd. (the "Company") are pleased to present their statement together with the audited financial statements of the Company for the financial year ended 31 March 2023.

In the opinion of the Directors, the accompanying financial statements of the Company as set out on pages 198 to 211 are drawn up to give a true and fair view of the financial position of the Company as at 31 March 2023, and the financial performance, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

### DIRECTORS

The Directors of the Company in office at the date of this report are as follows:

| | |
|---|---|
| Mr Chaly Mah Chee Kheong | (Chairman and Independent Director) |
| Ms Koh Kah Sek | (Independent Director) |
| Mr Ang Teik Siew @ Ang Teik Lim Eric | (Independent Director) |
| Ms Ku Xian Hong | (Independent Director) |
| Mr Yeo Wico | (Independent Director) |
| Mr William Woo Siew Wing | (Non-Executive Director) |
| Mr Quah Kung Yang | (Non-Executive Director) (Appointed on 3 November 2022) |
| Mr Tong Yew Heng | (Chief Executive Officer and Executive Director) |

### ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the Directors who held office at the end of the financial year had an interest in shares or debentures of the Company and related corporations either at the beginning or at the end of the financial year.

### SHARE OPTIONS

(a) Options to take up unissued shares
During the financial year, no options to take up unissued shares of the Company were granted.

(b) Options exercised
During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option
At the end of financial year, there were no unissued shares of the Company under option.

### AUDITORS

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

On behalf of the directors,

**Chaly Mah Chee Kheong**
Chairman

**Tong Yew Heng**
Director

Singapore
18 May 2023

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF NETLINK NBN MANAGEMENT PTE. LTD.

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of NetLink NBN Management Pte. Ltd. (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 198 to 211.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967, (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the Company 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 Company 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.

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the Directors' Statement, but does not include the financial statements and our auditor's report thereon.

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 MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a 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, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF NETLINK NBN MANAGEMENT PTE. LTD.

### AUDITOR'S RESPONSIBILITIES 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 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 Company's internal control.
c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
d. Conclude on the appropriateness of management'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 Company'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 Company 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.

We communicate with the directors 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.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Deloitte & Touche LLP**
Public Accountants and
Chartered Accountants
Singapore

18 May 2023

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | NOTE | 2023 $ | 2022 $ |
|---|---|---|---|
| Revenue | 4 | 995,059 | 998,484 |
| Other income | 5 | 166 | 126 |
| Operating expenses | | (968,059) | (971,589) |
| **Profit before tax** | 6 | **27,166** | **27,021** |
| Income tax expenses | 7 | (2,038) | (2,008) |
| **Profit after tax representing total comprehensive income for the financial year** | | **25,128** | **25,013** |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 MARCH 2023

| | NOTE | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| **ASSET** | | | |
| **Currents assets** | | | |
| Cash and bank balances | 8 | 455,201 | 440,932 |
| Prepayments | | 15,320 | 14,502 |
| Trade receivable from a related party | 9 | 25,345 | 28,696 |
| | | 495,866 | 484,130 |
| **LIABILITY** | | | |
| **Current liabilities** | | | |
| Other payables | | 18,565 | 16,800 |
| Accrued operating expenses | | 257,036 | 272,359 |
| Income tax payable | | 2,038 | 1,872 |
| | | 277,639 | 291,031 |
| **Net assets** | | **218,227** | **193,099** |
| **SHAREHOLDER'S EQUITY** | | | |
| Share capital | 10 | 5 | 5 |
| Accumulated profits | | 218,222 | 193,094 |
| **Total equity** | | **218,227** | **193,099** |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | SHARE CAPITAL (NOTE 10) $ | ACCUMULATED PROFITS $ | TOTAL $ |
|---|---|---|---|
| **2023** | | | |
| Balance as at 1 April 2022 | 5 | 193,094 | 193,099 |
| Profit for the year representing total comprehensive income for the financial year | - | 25,128 | 25,128 |
| **Balance as at 31 March 2023** | **5** | **218,222** | **218,227** |
| **2022** | | | |
| Balance as at 1 April 2021 | 5 | 168,081 | 168,086 |
| Profit for the year representing total comprehensive income for the financial year | - | 25,013 | 25,013 |
| **Balance as at 31 March 2022** | **5** | **193,094** | **193,099** |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | NOTE | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax | | 27,166 | 27,021 |
| **Operating cash flows before working capital changes** | | **27,166** | **27,021** |
| Changes in working capital: | | | |
| - Prepayments | | (818) | (1,086) |
| - Trade receivable from a related party | | 3,351 | 10,112 |
| - Other payables | | 1,765 | (247) |
| - Accrued operating expenses | | (15,323) | 15,417 |
| **Cash generated from operations** | | **16,141** | **51,217** |
| Income tax paid | | (1,872) | (5,696) |
| **Net cash generated from operating activities** | | **14,269** | **45,521** |
| **Net increase in cash and cash equivalents** | | 14,269 | 45,521 |
| **Cash and cash equivalents at beginning of financial year** | | 440,932 | 395,411 |
| **Cash and cash equivalents at end of financial year** | 8 | **455,201** | **440,932** |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 1. GENERAL

The Company (Registration No. 201704783K) was incorporated in the Republic of Singapore with its principal place of business and registered office at 750E Chai Chee Road, #07-03, ESR BizPark @ Chai Chee, Singapore 469005.

The principal activity of the Company is to act as Trustee-Manager of NetLink NBN Trust (the "Trust"). The Trust is a business trust constituted by a trust deed and regulated by the Business Trust Act 2004 and is domiciled in Singapore. The Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 July 2017.

DBS Trustee Limited (as share trustee of Singapore NBN Trust) holds all shares of the Company (being the trustee-manager of the Trust) on trust for the benefit of the beneficiaries of Singapore NBN Trust (being the unitholders of the Trust), each of whom has an undivided interest in the Company in proportion to their respective percentage of units held or owned by each of them in the Trust. Singapore NBN Trust is a business trust constituted by a trust deed dated 21 February 2017.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act 1967, and Financial Reporting Standards in Singapore ("FRSs").

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 Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

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:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
b. 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
c. Level 3 inputs are unobservable inputs for the asset or liability.

### 2.2 Adoption of new and revised standards

In the current financial year, the Company has adopted all the new and revised FRSs pronouncements that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs pronouncements does not result in changes to the Company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current year or prior years.

### 2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, there are no FRSs pronouncements issued but not yet effective that will have a material impact on the financial statements in the period of their initial application.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables from a related party 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 are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

#### 2.4.1 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 subsequently measured 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.

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.

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.

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. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses ("ECL") on trade receivable from a related party. 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.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4.1 Financial assets (cont'd)

The Company always recognises lifetime ECL for trade receivable from a related party. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company'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 Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

<u>Significant increase in credit risk</u>
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company 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 Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company 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 Company has reasonable and supportable information that demonstrates otherwise.

The Company 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 debtor 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 debtor to fulfil its contractual cash flow obligations.

The Company 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.

<u>Definition of default</u>
The Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

<u>Credit-impaired financial assets</u>
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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4.1 Financial assets (cont'd)

Write-off policy
The Company 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 debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company'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
For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company 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 Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date except for assets which the simplified approach was used.

Derecognition of financial assets
The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the profit or loss.

### 2.4.2 Financial liabilities and equity instruments

Classification as debt or equity
Financial liabilities and equity instruments issued by the Company are classified according to the 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 the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
Other payables and accrued operating expenses are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

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.

Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company 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.

### 2.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity shares are taken to equity as a deduction, net of tax, from the proceeds.

### 2.7 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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 date, 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 the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the current best estimate.

### 2.8 Revenue recognition

The Company acts as the Trustee-Manager of NetLink NBN Trust in accordance with the Trust Deed dated 19 June 2017 which constituted NetLink NBN Trust.

The Company recognises revenue from the provision of management services and revenue relates to the management fees and reimbursement of expenses in accordance with the Trust Deed. Revenue is recognised over the period which management services are being rendered.

### 2.9 Income tax

Income tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted 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 accounting

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Income tax (cont'd)

department within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

### 2.10 Foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("functional currency"). The financial statements of the Company are presented in Singapore Dollars, which is the functional and presentation currency of the Company.

Transactions in currencies other than the Company's functional currency ("foreign currencies") are recognised at the bank rates of exchange prevailing on the dates of the transaction. At end of the reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. All exchange differences are recognised in profit or loss.

### 2.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### 3.1 Critical judgements in applying the company's accounting policies

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management has not made any critical judgement which may have a significant effect on the amounts recognised in the financial statements.

### 3.2 Key sources of estimation uncertainty

There are no 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.

## 4. REVENUE

| | 2023<br>$ | 2022<br>$ |
|---|---:|---:|
| Management fees | 900,000 | 900,000 |
| Reimbursement of expenses | 95,059 | 98,484 |
| | 995,059 | 998,484 |

Reimbursement of expenses include fees and expenses of professional advisers engaged by the Trustee-Manager in the performance of its obligations and duties under the Trust Deed and expenses incurred by DBS Trustee Limited in the administering of Singapore NBN Trust.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 5. OTHER INCOME

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Interest Income[a] | 17 | - |
| Foreign exchange gain | 149 | 126 |
| | 166 | 126 |

### 6. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Directors' fees | 873,000 | 873,000 |

### 7. INCOME TAX EXPENSES

The income tax on the results differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Profit before tax | 27,166 | 27,021 |
| Tax calculated at a tax rate of 17% | 4,618 | 4,594 |
| Expenses not deductible for tax purposes | 307 | - |
| Under provision in prior years | - | 137 |
| Effect of tax relief | (2,887) | (2,723) |
| | 2,038 | 2,008 |

### 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Cash and bank balances | 455,201 | 440,932 |

[a] Interest income consists of interest earned from the bank's current account.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 9. TRADE RECEIVABLE FROM A RELATED PARTY

The receivable is from NetLink NBN Trust. The receivable is trade in nature, non-interest bearing and on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

In determining the expected credit losses ("ECL"), management has taken into account the financial position of NetLink NBN Trust, adjusted for factors that are specific to NetLink NBN Trust and general economic conditions of the industry NetLink NBN Trust operates, in establishing the probability of default. Management determines that the probability of default is low and ECL is not material.

There has been no change in the estimate techniques or significant assumptions made during the current and previous reporting period.

### 10. SHARE CAPITAL

Issued and paid-up ordinary share capital

| | 2023 SHARES AND $ | 2022 SHARES AND $ |
|---|---|---|
| Balance at beginning and end of financial year | 5 | 5 |

All issued shares are fully paid, have no par value, and carry one vote per share and a right to dividends as and when declared by the Company.

### 11. RELATED PARTY TRANSACTIONS

| | 2023 $ | 2022 $ |
|---|---|---|
| Management fees and reimbursement of expenses received/receivable from NetLink NBN Trust | 995,059 | 998,484 |

### 12. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The following table sets out the financial instruments as at the end of the reporting period:

| | 2023 $ | 2022 $ |
|---|---|---|
| Financial assets | | |
| Financial assets at amortised cost | 480,546 | 469,628 |
| Financial liabilities | | |
| Financial liabilities at amortised cost | 275,601 | 289,159 |

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 12. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Board reviews and manages each of these risks and they are summarised below:

**a. Credit risk management**

The Company develops and maintains its credit risk ratings to categorise exposures according to their degree of risk of default. The Company uses its trading records to rate its revenue from NetLink NBN Trust. The Company's current risk rating framework comprises the following categories:

| CATEGORY | DESCRIPTION | BASIS FOR RECOGNISING EXPECTED CREDIT LOSSES (ECL) |
|---|---|---|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts. | Lifetime ECL (other than trade receivables without significant financing component) |
| 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 >90 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 customer is in severe financial difficulty and the Company has no realistic prospect of recovery. | Amount is written off |

The table below details the credit quality of the Company's financial assets as well as maximum exposure to credit risk by credit risk rating grades using the simplified approach in FRS 109 Financial Instruments to measure the loss allowance at lifetime ECL:

| | NOTE | INTERNAL CREDIT RATING | 12-MONTH OR LIFETIME ECL | GROSS CARRYING AMOUNT $ | LOSS ALLOW-ANCE $ | NET CARRYING AMOUNT $ |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| Trade receivable from a related party | 9 | Performing | Lifetime ECL (Simplified approach) | 25,345 | - | 25,345 |
| **2022** | | | | | | |
| Trade receivable from a related party | 9 | Performing | Lifetime ECL (Simplified approach) | 28,696 | - | 28,696 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 12. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

### b. Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company maintains sufficient cash and cash equivalents and internally generated cash flows to finance its activities.

### c. Foreign currency risk management

The Company's transactions are mostly transacted in Singapore Dollars. There is no significant foreign currency risk.

### d. Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern. The capital requirements of the capital structure of the Company consists of equity attributable to shareholders, comprising share capital and accumulated profits.

### e. Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Management has determined that the carrying amounts of trade receivable from a related party, other payables and accrued operating expenses reasonably approximate their fair values because they are mostly short-term in nature.

## 13. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 18 May 2023.

# STATISTICS OF UNITHOLDINGS

## AS AT 26 MAY 2023

### ISSUED AND FULLY PAID UNITS

3,896,971,100 Units (Voting rights: 1 vote per Unit)
There is only one class of units in NetLink NBN Trust

### DISTRIBUTION OF UNITHOLDINGS

| SIZE OF UNITHOLDINGS | NO. OF UNITHOLDERS | % | NO. OF UNITS | % |
|---|---|---|---|---|
| 1 – 99 | 6 | 0.02 | 75 | 0.00 |
| 100 – 1,000 | 3,647 | 11.97 | 3,338,118 | 0.09 |
| 1,001 – 10,000 | 16,757 | 55.00 | 79,812,188 | 2.05 |
| 10,001 – 1,000,000 | 9,994 | 32.80 | 518,395,364 | 13.30 |
| 1,000,001 and above | 65 | 0.21 | 3,295,425,355 | 84.56 |
| **Total** | **30,469** | **100.00** | **3,896,971,100** | **100.00** |

| NO. | NAME | NO. OF UNITS | % |
|---|---|---|---|
| 1. | SINGTEL INTERACTIVE PTE LTD | 965,999,999 | 24.79 |
| 2. | CITIBANK NOMINEES SINGAPORE PTE LTD | 721,826,792 | 18.52 |
| 3. | DBS NOMINEES (PRIVATE) LIMITED | 511,598,205 | 13.13 |
| 4. | HSBC (SINGAPORE) NOMINEES PTE LTD | 322,156,332 | 8.27 |
| 5. | RAFFLES NOMINEES (PTE.) LIMITED | 231,323,302 | 5.94 |
| 6. | DBSN SERVICES PTE. LTD. | 184,111,088 | 4.72 |
| 7. | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 53,157,030 | 1.36 |
| 8. | BPSS NOMINEES SINGAPORE (PTE.) LTD. | 24,167,121 | 0.62 |
| 9. | PHILLIP SECURITIES PTE LTD | 20,449,548 | 0.52 |
| 10. | MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD | 19,775,096 | 0.51 |
| 11. | OCBC SECURITIES PRIVATE LIMITED | 19,170,800 | 0.49 |
| 12. | IFAST FINANCIAL PTE. LTD. | 18,874,342 | 0.48 |
| 13. | GUTHRIE VENTURE PTE LTD | 17,400,000 | 0.45 |
| 14. | OCBC NOMINEES SINGAPORE PRIVATE LIMITED | 15,531,422 | 0.40 |
| 15. | DB NOMINEES (SINGAPORE) PTE LTD | 13,064,880 | 0.34 |
| 16. | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 11,771,657 | 0.30 |
| 17. | BNP PARIBAS NOMINEES SINGAPORE PTE. LTD. | 11,567,500 | 0.30 |
| 18. | UOB KAY HIAN PRIVATE LIMITED | 11,497,600 | 0.30 |
| 19. | LIEW CHEE KONG | 10,250,000 | 0.26 |
| 20. | INDIA INTERNATIONAL INSURANCE PTE LTD - SIF | 8,305,000 | 0.21 |
| | **Total** | **3,191,997,714** | **81.91** |

## SUBSTANTIAL UNITHOLDERS

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Trustee-Manager as at 26 May 2023, the Substantial Unitholders of NetLink NBN Trust and their interests in the Units of NetLink NBN Trust are as follows:

| NAME | DIRECT INTEREST | | DEEMED INTEREST | |
|---|---|---|---|---|
| | NO. OF UNITS | % | NO. OF UNITS | % |
| Singtel Interactive Pte. Ltd. | 965,999,999 | 24.79 | - | - |
| Singapore Telecommunications Limited[1] | - | - | 965,999,999 | 24.79 |
| Temasek Holdings (Private) Limited[2] | - | - | 1,034,946,638 | 26.55 |
| M&G Investment Management Limited[3] | - | - | 269,418,300 | 6.91 |
| M&G FA Limited[4] | - | - | 269,418,300 | 6.91 |
| M&G Group Limited[4] | - | - | 269,418,300 | 6.91 |
| M&G Group Regulated Entity Holding Company Limited[4] | - | - | 269,418,300 | 6.91 |
| M&G Plc[4] | - | - | 269,418,300 | 6.91 |

Notes:
[1] Singtel Interactive Pte. Ltd. is a wholly-owned subsidiary of Singtel Telecommunications Limited ("**Singtel**"). Accordingly, Singtel is deemed to have an interest in the 965,999,999 units of NetLink NBN Trust that Singtel Interactive Pte. Ltd. holds.

[2] Singtel is a subsidiary of Temasek Holdings (Private) Limited ("**Temasek**"). Accordingly, Temasek is deemed to be interested in the 965,999,999 units in which Singtel has a deemed interest. In addition, under the Securities and Futures Act 2001 of Singapore, Temasek is deemed to be interested in a further 68,946,639 units in which an associated company has or is deemed to have an interest. Singtel and the associated company referred to above are independently-managed Temasek portfolio companies. Temasek is not involved in their business or operating decisions, including those regarding their positions in units of NetLink NBN Trust.

[3] M&G Investment Management Limited ("**MGIM**") has deemed interest in the units as it has discretionary power in the disposal rights over the units as investment manager.

[4] MGIM is a wholly-owned subsidiary of M&G FA Limited ("**MGFA**").
MGFA is a wholly-owned subsidiary of M&G Group Limited ("**MGG**").
MGG is a wholly-owned subsidiary of M&G Group Regulated Entity Holding Company Limited ("**MGGREHC**").
MGGREHC is a wholly-owned subsidiary of M&G Plc ("**MGP**").
Accordingly, MGFA, MGG, MGGREHC, MGP are deemed to have an interest in the 269,418,300 units which MGIM has discretionary power over the units as investment manager.

## PUBLIC UNITHOLDERS

Based on the information available to the Trustee-Manager as at 26 May 2023, approximately 66.48% of the issued Units in NetLink NBN Trust is held by the public and therefore, pursuant to Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in NetLink NBN Trust is at all times held by the public.

As at 26 May 2023, there are no treasury units held and there are no subsidiary holding.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr Chaly Mah Chee Kheong (Chairman)
Mr Eric Ang Teik Lim
Ms Koh Kah Sek
Ms Ku Xian Hong
Mr Yeo Wico
Mr William Woo Siew Wing
Mr Quah Kung Yang
Mr Tong Yew Heng

## AUDIT COMMITTEE

Ms Koh Kah Sek (Chairman)
Mr Eric Ang Teik Lim
Mr Yeo Wico

## NOMINATING COMMITTEE

Mr Chaly Mah Chee Kheong (Chairman)
Mr Eric Ang Teik Lim
Mr William Woo Siew Wing

## REMUNERATION COMMITTEE

Mr Chaly Mah Chee Kheong (Chairman)
Ms Ku Xian Hong
Mr Yeo Wico

## RISK AND REGULATORY COMMITTEE

Ms Ku Xian Hong (Chairman)
Mr Chaly Mah Chee Kheong
Mr Quah Kung Yang

## COMPANY SECRETARIES

Ms Eunice Hooi Lai Fann
Mr Albert Lim Aik Seng

## REGISTERED OFFICE

750E Chai Chee Road #07-03
ESR BizPark @ Chai Chee
Singapore 469005
Tel: 6718 2828
Fax: 6449 0221
Website: www.netlinknbn.com

## UNIT REGISTRAR

Boardroom Corporate and Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Tel: 6536 5355
Fax: 6438 8710
www.boardroomlimited.com

## AUDITORS

Deloitte and Touche LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809
Tel: 6224 8288
Fax: 6538 6166
Partner-in-charge: Mr Yang Chi Chih (Appointed with effect from 25 July 2018)

## IR CONTACT

For enquiries on the Group's business performance, contact the Investor Relations team at investor@netlinknbn.com.

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**NetLink NBN Trust**

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