

WE ARE COMMITTED TO ENVIRONMENTAL STEWARDSHIP, RESPONSIBLE BUSINESS PRACTICES, AND INVESTING IN PEOPLE AND COMMUNITIES WHEREVER WE OPERATE.

Our Strategy

Keppel provides solutions for sustainable urbanisation, and has placed sustainability at the core of the Company's strategy. This includes both running our business in a sustainable manner, and making sustainability our business by providing solutions that contribute to a cleaner, greener world and combatting climate change.

Keppel Corporation's Board of Directors and management consider environmental, social and governance (ESG) issues in the determination of the Company's strategy and business, and are committed to contributing to the United Nations Sustainable Development Goals (SDGs). Keppel Corporation is a signatory of the United Nations (UN) Global Compact and is committed to its 10 universal principles. Keppel also supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and has incorporated them in the Group's sustainability reporting.

The three key strategic thrusts under Keppel's sustainability framework are (1) Environmental Stewardship; (2) Responsible Business; and (3) People and Community.

HOW WE CREATE VALUE FOR OUR STAKEHOLDERS



ENVIRONMENTAL STEWARDSHIP

As part of Keppel's Vision 2030, we have set targets to halve the Group's Scope 1 and 2 carbon emissions by 2030 from 2020 levels and achieve net zero by 2050, as well as reduce our water and waste intensity.

We are also making sustainability our business by providing solutions that contribute to sustainable development and climate action. Keppel is refocusing its portfolio on sustainable urbanisation solutions, through evaluating the fit with the Company's Vision, Mission and ESG goals as well as the risks and opportunities associated with climate change.

We are expanding the Group's involvement in renewables, clean energy and decarbonisation solutions, and have committed to grow the Group's renewable energy portfolio to 7.0GW by 2030.



RESPONSIBLE BUSINESS

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

We are driving collaboration across the Group, promoting innovation and harnessing technology to seize opportunities to provide sustainable urbanisation solutions.

We also work with stakeholders in our value chain to enhance their sustainability performance.



PEOPLE AND COMMUNITY

People are the cornerstone of our business. We are committed to diversity, employee well-being, workplace health and safety, and investing in the training and development of our employees to help them reach their full potential.

We strive to create value and build vibrant and inclusive communities wherever we operate, and support initiatives that contribute to protecting the environment, promoting education and caring for the underprivileged, with the goal of building a sustainable future together.

We have committed up to 1% of the Group's net profit to support worthy causes.

Stakeholder Engagement

We actively engage our stakeholder groups through diverse mechanisms, including through virtual engagements when opportunities for physical interactions were more limited due to the COVID-19 pandemic.



RECOGNITION

MSCI ESG RATINGS AAA
SGX
FTSE4Good
Euronext Vigeo World 120 Index

For more information, view our Sustainability Report on our website at www.keppcorp.com

We publish sustainability reports annually, and the next report will be published in May 2022. Our sustainability reports draw on international standards of reporting, including the Global Reporting Initiative Standards, and are externally assured. The reports are also aligned with sustainability reporting requirements by the Singapore Exchange.

GOVERNANCE

Management Structure

The key material ESG factors for Keppel Corporation have been identified and are regularly reviewed by the Board and management. The Board maintains active oversight over sustainability issues, including overseeing the management and monitoring of ESG factors, and takes them into consideration in the determination of the Company's strategic direction and policies.

At the management level, the Group Sustainability Steering Committee, chaired by Keppel Corporation's Chief Executive Officer Loh Chin Hua and comprising senior management from across the Group, drives the Group's sustainability strategy. The Group Sustainability Working Committee, comprising discipline-specific working groups, executes, monitors and reports on the Group's sustainability efforts.

Keppel has also announced the appointment of a Chief Sustainability Officer (CSO) with effect from 1 March 2022. The CSO will coordinate and drive the Group's sustainability efforts, including chairing the Group Sustainability Working Committee. He will be supported by a new Group Sustainability department, which has been established to focus on sustainability issues.

Keppel's management systems, policies and guidelines, including the Keppel Group Code of Conduct, Global Anti-Bribery Policy, Environmental Sustainability Policy, Human Rights Policy, Health, Safety and Environment Policy, Statement on Diversity and Inclusion, and Supplier Code of Conduct, set standards for both our staff and, where relevant, stakeholders whom we work with. These policies, which are available on the Company's website, are regularly reviewed and refined, when necessary, in line with international best practices.

Strong Governance Framework

Keppel is focused on upholding high standards of corporate governance and business ethics. We have a strong and independent board, with six independent directors out of a total of nine directors. We have a Board Diversity Policy and are committed to board diversity in terms of skills, knowledge, experience and other aspects of diversity, such as gender, age, ethnicity and nationality. We maintain clear, consistent and regular communication with Keppel's shareholders and the investment community.

Internal Controls and Risk Management

Keppel's System of Management Controls comprises the Three-Lines Model to ensure the adequacy and effectiveness of the Group's system of internal controls and risk management. Details are disclosed on pages 94 and 95. The Group's Sustainability Risk Management Framework is integrated within the Group's Enterprise Risk Management Framework, and guides the Group's companies on the specific processes and methods applied in identifying, assessing and managing sustainability-related risks and opportunities.

For more information on Governance, please refer to page 76.

MEASURING PERFORMANCE

Performance Scorecard

The Company's performance scorecard aligns compensation with corporate and individual performance, both in terms of financial and non-financial performance. Key sub-targets within each of the scorecard areas include key financial indicators, risk management, compliance and controls measures, safety goals, environmental sustainability (including carbon emissions reduction targets), employee engagement, talent development and succession planning. Environmental sustainability targets make up 7.5% of the Company's performance scorecard.

Sustainability Award Industry Mover 2022 S&P Global
Winner of the Singapore Corporate Governance Award 2021 (Big Cap) at the Securities Investors Association (Singapore) Investors' Choice Awards 2021
Apex Winner in the Sustainable Business category at the Global Compact Network Singapore's Singapore Apex Corporate Sustainability Awards 2021
The Keppel Group won 18 Workplace Safety and Health Awards
Charity Platinum Award at the Community Chest Awards 2021

We are committed to the international sustainable development agenda, and leverage collaboration and partnership to support the achievement of the United Nations Sustainable Development Goals (SDGs). We have incorporated 10 of the SDGs as a supporting framework to guide our sustainability strategy.

Strategic Pillar: Environmental Stewardship

MATERIAL ISSUES

Climate Action

APPROACH

Keppel is committed to running its business sustainably. We also provide solutions which help our communities and customers reduce carbon emissions and contribute to climate action.

We are refocusing the Group's portfolio on sustainable urbanisation solutions, including through evaluating their fit with Keppel's Vision, Mission and ESG goals, and the risks and opportunities associated with climate change, as well as internal shadow carbon pricing.

Keppel will also contribute to climate action through its corporate social responsibility and public engagement efforts.

HIGHLIGHTS

Keppel has committed to halve its Scope 1 and 2 carbon emissions by 2030, compared to 2020 levels, and achieve net zero by 2050.

Since 2020, Keppel has adopted an evolutionary shadow carbon pricing policy to evaluate major investment decisions, in order to contribute to climate action, mitigate climate-related risks, prepare for tougher climate legislation and higher carbon prices, and avoid stranded assets. We will continue to review and refine our shadow carbon price in response to changes in international carbon tax regimes.

Keppel has set a target to grow its renewable energy portfolio to 7.0GW by 2030, and has since 2020 announced renewables projects with a total capacity of 1.1GW.

Many of the Group's new business pursuits and research and development efforts in the past year were in renewables, clean energy, decarbonisation and environmental solutions. These include the acquisition by Keppel Corporation together with a Keppel Capital consortium, of a majority joint venture stake in Cleantech Renewable Assets, a leading solar energy platform, exploring the import of renewable energy to Singapore, developing electric vehicle charging infrastructure, securing Singapore's first Energy-as-a-Service contract, and studying the feasibility of developing an Asia-Pacific green ammonia supply chain.

The iconic Keppel Marina East Desalination Plant (KMEDP), Singapore's first large-scale, dual-mode desalination plant, was officially opened in February 2021, contributing to Singapore's water security amidst increasing rainfall uncertainty caused by climate change. In June, KMEDP was named 'Desalination Plant of the Year' at the Global Water Awards 2021.

Keppel Offshore & Marine (Keppel O&M) continued to seize opportunities in renewables and gas solutions, which made up 39% of its orderbook as at end-2021.

The built environment is a significant contributor to carbon emissions. Keppel Land is contributing to climate action through developing smart and sustainable offices of the future, including Keppel Towers, which garnered the BCA Green Mark Platinum Super Low Energy Award for its innovative and green features in 2021.

Keppel Data Centres is also looking into reducing the carbon footprint of its data centres, including through exploring the development of energy-efficient floating data centres.

Keppel is also contributing to nature-based solutions to climate change by supporting environmental initiatives such as the National Parks Board's OneMillionTrees movement. Keppel committed \$3 million to support the planting of 10,000 trees over five years in parks and nature reserves in Singapore. In May 2021, a tree planting event was held to commemorate the start of this pledge.

In November 2021, Keppel further pledged to donate \$1 million to support the development of the Keppel Coastal Trail at Labrador Nature Reserve. The Trail will help safeguard core habitats and critically endangered native species in the nature reserve, as well as enhance public awareness of the role of coastal forests in mitigating the impact of climate change and rising sea levels.



MATERIAL ISSUES

Environmental Management

APPROACH

We are committed to minimising our environmental impact and are focused on sustainable management and efficient use of natural resources.

We aim to reduce the Group's carbon emissions, reduce waste generation through resource efficiency, recycling and reuse of natural resources, as well as reduce water intensity through active monitoring and water-efficiency programmes.

HIGHLIGHTS

We have set high-impact sustainability goals and are committed to long-term targets to reduce our carbon emissions, as well as water and waste intensity.

Beyond the Scope 1 and 2 carbon emissions reduction targets highlighted above, we have conducted a high-level screening of our Scope 3 emissions and continue to progressively expand the coverage of the relevant categories. We will work with the Group's portfolio of investments and supply chain to improve energy efficiency and reduce emissions where possible.

Keppel has also committed to achieving a 10% reduction in waste intensity and 20% reduction in water consumption intensity by 2030 from 2019 levels.

We have laid out a roadmap to contribute to global decarbonisation efforts. This includes refocusing our portfolio on sustainable urbanisation solutions, greening our properties, lowering emissions intensity of our infrastructure assets, purchasing and using renewable energy where possible, reducing the carbon footprint of our data centres, investing in clean, new businesses, greening urban cooling, advancing the circular economy through Keppel's proprietary technologies, and investing in sustainability-related innovation.

Keppel Bay Tower, where Keppel Corporation is headquartered, was certified by the Building and Construction Authority (BCA) as Singapore's first Green Mark Platinum (Zero Energy) commercial building. Since the end of 2018, Keppel Corporation's corporate headquarters in Singapore has been powered by renewable energy. We also acquired carbon credits to offset Scope 3 emissions from business travel and employee commuting, thus allowing our corporate office at Keppel Bay Tower to achieve carbon neutrality for its operations since 2020.

Keppel Seghers is developing the Hong Kong Integrated Waste Management Facility (IWMF) and the Tuas Nexus IWMF in Singapore, in joint ventures with industry partners. Both IWMFs utilise Keppel Seghers' proprietary SIGMA combustion control, moving grates technology and boiler design to provide superior waste combustion and energy recovery.



Strategic Pillar: Responsible Business

MATERIAL ISSUES

Corporate Governance & Risk Management

APPROACH

We are committed to being an effective, accountable and transparent institution, and will conduct ourselves according to the highest ethical standards and comply with all applicable laws and regulations wherever we operate. Our tone on regulatory compliance is clear and consistently reiterated from the top of the organisation. We have zero tolerance for fraud, bribery, corruption and violation of laws and regulations.

As part of risk management, Keppel has robust business continuity plans in place to safeguard against different strategic risks, including risks related to sustainability and climate change.



HIGHLIGHTS

With COVID-19 continuing to impact the global economy in 2021, Keppel continued to have robust business continuity plans in place, allowing the Group to operate effectively, despite the impact of the pandemic and various measures implemented to curb its spread.

Reflecting Keppel's zero tolerance for fraud, bribery, corruption and violation of laws and regulations, we have continued to enhance our compliance measures, including rolling out the ISO 37001 Anti-Bribery Management System across business units. Apart from Keppel O&M and the Singapore entities of Keppel Land and Keppel Data Centres which have achieved ISO 37001 certification, Keppel Infrastructure and the overseas entities of Keppel Land (China, Vietnam and Indonesia) also achieved certification in 2021.

In 2021, Keppel continued to adopt an effective and balanced approach to risk management to optimise returns, while taking into consideration business risks and corporate sustainability. We focused in particular on cyber security, in view of the increased risks of cyber attacks. We also enhanced the monitoring of climate-related risks across business units, in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

In recognition of Keppel's strong corporate governance and sustainability practices, the Company won the Singapore Corporate Governance Award (Big Cap) at the Securities Investors Association (Singapore) Investors' Choice Awards 2021, and was Apex Winner at the Singapore Apex Corporate Sustainability Awards 2021. Keppel also retained the highest AAA rating in the Morgan Stanley Capital International (MSCI) ESG ratings in December 2021.

MATERIAL ISSUES

Economic Sustainability

APPROACH

Keppel views sustainability both as a corporate responsibility and a source of business opportunities. Guided by Keppel's Vision 2030, we are growing our business as a provider of solutions for sustainable urbanisation, and in so doing, driving economic development, and contributing to the well-being of communities wherever we operate.



HIGHLIGHTS

Keppel's business operations generate employment, opportunities for suppliers, products and services for customers, tax revenues for governments and dividends for shareholders. Through the solutions that we develop and operate, we are contributing to infrastructure and urban development, enhancing connectivity and sustainable development.

We have set targets to invest in sustainability-linked innovation, and are tapping our engineering nous to explore greener solutions such as energy-efficient floating data centre parks, as well as climate-resilient nearshore urban developments, or "floating cities", which can mitigate the impact of rising sea levels.

Keppel Telecommunications & Transportation is collaborating with partners to jointly own and develop the Bifrost Cable System which will directly connect Singapore to the west coast of North America, while M1 is rolling out its 5G Standalone network, thus contributing to enhancing communications infrastructure.

MATERIAL ISSUES

Supply Chain & Responsible Procurement

APPROACH

We recognise the importance of supply chain risk management and sustainable procurement, and are committed to building a resilient and diversified supply chain. To this end, we work closely with our suppliers to make a positive impact on their sustainability performance.



HIGHLIGHTS

All our suppliers are qualified in accordance with our requisition and purchasing policies, screened based on ESG criteria and are expected to sign and abide by Keppel's Supplier Code of Conduct, which is publicly available online.

The Group was able to continue operating effectively despite supply chain disruptions caused by the pandemic, in part due to the robust supplier diversification programmes in place, as well as the steps undertaken by management to mitigate the impact of the pandemic. For example, Keppel O&M worked closely with its customers to reorganise work processes, leveraging its global network of yards, to ensure that it could continue to deliver its projects in accordance with customers' requirements, despite the impact of COVID-19.

MATERIAL ISSUES

Product Quality & Safety

APPROACH

We drive innovation and exercise due care and diligence in the design, construction and operation of our products and provision of services, to ensure they meet the highest standards of quality and do not pose hazards to customers and users.

HIGHLIGHTS

We continue to drive innovation both at the Group level and within individual business units to improve product quality. Innovative projects launched in 2021 include the iconic condominium project in Singapore, the Reef at King's Dock, which features a floating deck to raise awareness of marine biodiversity and conservation. M1 is also providing its customers with made-to-measure offerings, supported by its digital transformation, as well as 5G-powered digital solutions for enterprises, such as the suite of intelligent solutions deployed at Marina at Keppel Bay in conjunction with the launch of M1's 5G Standalone network, that leverage 5G to improve efficiency while providing better services for customers.

In terms of product safety, we carefully consider the health and safety impact of our products across their different life-cycle stages, starting from design & development to use and handling. We have also established robust Quality Assurance programmes to ensure our products meet customers' specifications and all applicable regulatory requirements. For major projects developed by the Group, we carry out regular quality, health and safety reviews before they are handed over to our customers. We are committed to act on any feedback from our customers and also regularly engage customers to drive continuous improvement.



Strategic Pillar: People and Community

MATERIAL ISSUES
Occupational Health & Safety

APPROACH
Providing a safe and healthy work environment for all stakeholders is fundamental to our commitment to conducting business responsibly.

We are also strong advocates for safety and health in the broader community, and champion national and industry initiatives to raise standards and drive innovation in these areas.



MATERIAL ISSUES
Labour Practices, Talent Management & Human Rights

APPROACH
Keppel is committed to fair employment practices, upholding human rights principles, and investing in people development. We are committed to diversity and inclusion, and value and respect our employees regardless of ethnicity, gender, religious beliefs, nationality, age or any physical disability.

We respect the fundamental principles set out in the United Nations (UN) Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Our stance on human rights is articulated in the Keppel Group Human Rights Policy while our stance on diversity and inclusion is articulated in our Corporate Statement on Diversity and Inclusion. Both statements are publicly available online.



HIGHLIGHTS
Keppel achieved its zero-fatality target for its global operations in 2021, and saw improvements across its Total Recordable Injury, Accident Frequency and Accident Severity Rates. The Group also clinched 18 awards at the Singapore Workplace Safety and Health Awards 2021.

Key safety initiatives implemented in 2021 include an initiative to encourage and empower all employees and stakeholders to speak up and intervene when they encounter unsafe behaviours.

Keppel also continued its Safety Digital Transformation journey by digitalising most of the existing manual safety processes such as reporting hazards and applying for permit-to-work. When sufficient data is collected, data analytics will be conducted to sharpen our efforts in proactive accident prevention.

As COVID-19 continued to spread globally in 2021, safeguarding the health and safety of our employees, customers and stakeholders remained a top priority. To this end, Keppel continued to implement robust safe management measures in accordance with government regulations. The measures implemented include split-team arrangements, regular inspections to ensure safe management measures are maintained, health monitoring through Antigen Rapid Testing, regular disinfection of high touch-points and enhanced cleaning procedures.

We also track the vaccination status of our workforce and strongly encourage those who are medically eligible to be vaccinated. By the end of 2021, the vast majority of Keppel's workforce has been fully vaccinated.

With COVID-19 taking a toll on mental wellness, we also stepped up efforts to improve the overall well-being of our employees, with a focus on mental health. These include organising workshops and campaigns on mental wellness, as well as activities to promote healthy lifestyles.

HIGHLIGHTS
Keppel's hiring policies ensure equal employment opportunities for all. We are also committed to nurturing and developing our employees.

In 2021, as part of the Group's succession planning, talent development and strategic workforce planning, leadership renewal was announced in a few key business units and an extensive talent mapping exercise was carried out.

We continue to actively engage staff to help ensure that they feel connected and motivated amidst COVID-19 and work-from-home arrangements. Since the start of the pandemic, Keppel has harnessed IT collaborative tools to facilitate effective telecommuting and virtual townhalls. Other events were also organised to promote employee well-being, including virtual team-building activities and activities that promote healthy lifestyles.

To build a workplace where our employees can learn, grow, and fulfil their potential, we launched various new initiatives in 2021. These include a Global Learning Festival to foster a positive learning culture, and an International Career Week to equip employees with skills to develop their careers. The Group achieved an average of 20 hours of training per employee in 2021.

The Group achieved an Employee Engagement Score of 84% in 2021, about 6% above Mercer's Singapore average, and 4% above Mercer's global average.

Migrant workers are an important part of Keppel's workforce, especially in the offshore & marine sector. As part of Keppel O&M's continuing efforts to enhance the well-being of migrant workers, Keppel O&M wrote to its contractors and employment agencies in 2021 to require them to abide by the Dhaka Principles for Migration with Dignity¹ going forward.

Strategic Pillar: People and Community

MATERIAL ISSUES
Community Development

APPROACH
We believe firmly that the Company does well when the community does well. Through collaboration with our stakeholders, we mobilise and share knowledge, as well as financial and human resources to uplift lives and support the achievement of the SDGs.

We also encourage and promote effective public, public-private and civil society partnerships through the sponsorship and support of community initiatives, as well as thought leadership and dialogue platforms.

HIGHLIGHTS
Since the start of the COVID-19 pandemic, Keppel has disbursed about \$5.5 million to provide support to communities affected by the pandemic in Singapore and overseas.

COVID-19-related assistance announced in 2021 include a \$300,000 donation to the Digital for Life Fund set up by the Infocomm Media Development Authority to help connect seniors affected by the pandemic, as well as a donation of 150 new laptops to the Ministry of Social and Family Development's Community Link initiative to support home-based learning by students from lower-income families. In addition, Keppel donated \$120,000 to Willing Hearts, a volunteer-run soup kitchen for underprivileged and needy communities in Singapore. Keppel volunteers have been regularly contributing at Willing Hearts, and will continue to do so over the next three years.

Beyond Singapore, Keppel also contributed to communities overseas. Keppel announced VND7.4 billion of assistance to support COVID-19 relief efforts in Vietnam, including vaccination efforts and providing medical supplies to local hospitals in affected regions.

In 2021, the Group invested a total of \$4.6 million² in social investment spending, including \$2.4 million disbursed through the Keppel Care Foundation, the Group's philanthropic arm.

Keppel Care Foundation has disbursed over \$50 million in support of worthy community causes since its establishment in 2012.

Beyond financial support, Keppel staff also volunteer their time and services to contribute to the community. Despite restrictions imposed by COVID-19, Keppel Volunteers contributed more than 12,000 hours of community work in 2021, exceeding the target of 10,000 hours for the year.



SOCIAL INVESTMENT SPENDING BY PROJECT TYPE IN 2021 (%)

● Healthcare/Care for the Underprivileged	32.2
● The Arts/Community Development Projects	14.6
● Education	24.2
● Environment	23.2
● Industry Advancement	5.8
Total	\$4.6 million 100.0

¹ The Dhaka Principles are a set of human rights-based principles that aim to protect the rights of migrant workers, including the provision of clear and transparent worker contracts and no charging of recruitment fees.

² The \$4.6 million includes voluntary contributions from the Keppel Group's directors, senior management and staff to support COVID-19 relief efforts.