

SUSTAINABILITY FRAMEWORK

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

Our Strategy

Keppel provides solutions for sustainable urbanisation, focusing on four key areas comprising Energy & Environment, Urban Development, Connectivity and Asset Management. With sustainability at the core of our strategy, we harness the strengths and expertise of our business units to develop, operate and maintain real assets, which provide diverse solutions that are good for the planet, for people and for the Company.

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

HOW WE CREATE VALUE



ENVIRONMENTAL STEWARDSHIP

As part of Keppel's Vision 2030, we are progressively guiding and refocusing our portfolio towards sustainable urbanisation solutions, through evaluating their fit with Keppel's Vision, Mission and environmental, social and governance (ESG) goals, as well as internal shadow carbon pricing and climate risk assessments. We have set high-impact sustainability goals and publicly committed to long-term targets to reduce our carbon, waste and water intensity. We are tapping our engineering nous to explore greener solutions, and will continue to explore opportunities in renewable energy assets.



RESPONSIBLE BUSINESS

The long-term sustainability of our business is driven at the highest level of the organisation through a strong and effective board, good corporate governance and prudent risk management. We are driving innovation to seize opportunities, and through our integrated business model, we seek to improve both the magnitude and quality of our earnings with more recurring income, while enhancing returns through active capital recycling. We work closely with stakeholders in our value chain to enhance their sustainability performance.



PEOPLE AND COMMUNITY

People are the cornerstone of our businesses. We are committed to providing a safe and healthy workplace, as well as investing in training and developing our people to help them reach their full potential. We strive to build vibrant and inclusive communities, through supporting initiatives that protect the environment and promoting education and care for the underprivileged, with the goal of building a sustainable future together.

OUR STAKEHOLDERS



Employees



Customers



Governments



Shareholders & Investors



Suppliers



Local Communities

RECOGNITION



MSCI ACWI ESG Leaders Index and MSCI World ESG Leaders Index



iEdge SG ESG Leaders Index and iEdge SG ESG Transparency Index



FTSE4Good Index



Euronext Vigeo Eiris Index – World 120

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 2021. 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.

Sustainability is at the core of our strategy. For Keppel, this goes beyond reducing carbon emissions or the environmental impact of our operations. We believe in making sustainability our business, by developing solutions that can contribute to building a cleaner and greener world, while creating enduring value for our stakeholders.

We believe that our focus on sustainability sets Keppel apart and is an important differentiator for the Group. We consider ESG issues in the determination of our strategy and policies, and are committed to supporting the United Nations (UN) Sustainable Development Goals. Keppel Corporation is also a signatory of the UN Global Compact, and we are committed to the Compact's 10 universal principles.

GOVERNANCE

Management Structure

The key material ESG factors for Keppel Corporation have been identified and are regularly reviewed by Keppel Corporation's Board of Directors 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. The Group Sustainability Steering Committee, chaired by Keppel Corporation's Chief Executive Officer Loh Chin Hua and comprising senior management from across the Group, provides guidance on the Group's sustainability strategy. The Group Sustainability Working Committee, comprising discipline-specific working groups, executes, monitors and reports on the Group's efforts. Our management systems, policies and guidelines, including the Keppel Group Code of Conduct; Health, Safety and Environment Policy, and the Keppel Code of Conduct translate our principles into practice by setting standards for both our Company and those whom we work with. These policies 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. We have a strong and independent board, with nine independent directors out of a total of 11 directors, and are committed to good business ethics. We maintain clear, consistent and regular communication with shareholders.

Keppel's System of Management Controls Framework

The Framework comprises the Three-Lines Model towards ensuring the adequacy and effectiveness of the Group's system of internal controls and risk management, as disclosed on page 93. The Control Self-Assessment programme, a Second Line in the Framework, was refreshed in 2020, digitised, and repositioned as a central tool for controls. The digitisation process enhances efficiency and brings about new opportunities for automated controls and continuous monitoring.

For more information on Governance, please refer to page 78.

MEASURING PERFORMANCE

Balanced Scorecard

The Company's balanced 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, safety goals, risk management, compliance and controls measures, environmental sustainability, employee engagement, talent development and succession planning.

SUSTAINABILITY FRAMEWORK

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 PILLARS	MATERIAL ISSUES	SDGs	APPROACH	HIGHLIGHTS	
Environmental Stewardship	Climate Action		We seek to grow our business and seize opportunities created by macro trends such as climate change, energy transition and urbanisation.	The iconic Keppel Marina East Desalination Plant, Singapore's first large-scale, dual-mode desalination plant, capable of treating either seawater or rainwater from the Marina Reservoir, commenced operations in June 2020. It is capable of producing about 30 million gallons of fresh drinking water per day. In addition, the ability to switch from treating rainwater to seawater during drier seasons strengthens Singapore's water supply resilience in the face of increasing rainfall uncertainty caused by climate change.	
			We are refocusing our portfolio on sustainable urban solutions, including through the use of internal shadow carbon pricing and climate risk assessments.	Keppel O&M secured a contract to build the first offshore wind turbine installation vessel in the US, which is also one of the largest vessels of its kind in the world.	
			Amidst the global energy transition, and reflecting Keppel's commitment to support climate action, Keppel Offshore & Marine (Keppel O&M) has been pivoting towards renewables and cleaner fossil fuels such as liquefied natural gas. Keppel O&M will also exit the offshore rigbuilding business, after completing the existing rigs under construction.	Keppel Renewable Energy entered into an agreement to undertake its first solar farm project in Australia.	
				Keppel has adopted an evolutionary shadow carbon pricing policy to mitigate climate-related risks in the mid to long term, prepare for tougher climate legislation and higher carbon prices, and also avoid stranded assets. It starts at US\$20 per tonne of carbon dioxide equivalent (tCO ₂ e) in 2020 and will progressively increase to US\$50/tCO ₂ e over time.	
	Environmental Management			We are committed to minimising our environmental impact, and are focused on sustainable management and efficient use of natural resources.	In addition, Keppel supported environmental initiatives such as the National Parks Board's One Million Trees movement, with a \$3 million commitment that will go towards the planting of 10,000 trees over the next five years in parks and nature reserves in Singapore.
				We aim to reduce waste generation through resource efficiency, recycling and reuse of natural resources.	In line with Keppel's focus on sustainability and to advance the study of environmental sciences, Keppel partnered with the Nanyang Technological University (NTU) to establish the Keppel Environmental Studies Gold Medals. The Medals will be awarded to the top graduating students of NTU's Bachelor of Science in Environmental Earth Systems Science.
				We have set high-impact sustainability goals and publicly committed to long-term targets in terms of reducing our carbon intensity, as well as waste and water use.	
				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's corporate headquarters in Singapore has been powered by renewable energy. We are also acquiring carbon credits to offset Scope 3 emissions from business travel and employee commuting, thus allowing our corporate office to achieve carbon neutrality for the whole of 2020.	
				Keppel achieved an A- in CDP's benchmark assessment on climate change, and a B- in the assessment on water security.	

STRATEGIC PILLARS	MATERIAL ISSUES	SDGs	APPROACH	HIGHLIGHTS
Responsible Business	Economic Sustainability		COVID-19 has accelerated many macro trends, such as increasing digitalisation, e-commerce and the energy transition, which we had identified as part of Vision 2030.	Keppel's business operations generate employment, opportunities for suppliers and tax revenues for governments.
			We believe sustainability can be a good business, and will seize opportunities in areas such as green developments, environmental solutions, renewables, new energy and circular economy solutions.	We have set targets to invest in sustainability-linked innovation, and are tapping our engineering nous to explore greener solutions such as floating data centres, which are more energy efficient than traditional land-based ones. We are collaborating with partners to study hydrogen infrastructure for power generation and cooling, as well as the development of carbon capture, utilisation and sequestration systems.
	Corporate Governance & Risk Management		As part of risk management, Keppel has robust business continuity plans in place to safeguard against the disruption of business operations.	Keppel's business continuity plans were activated following the COVID-19 outbreak, allowing us to continue operating effectively despite the implementation of various measures to curb the spread of the pandemic around the world, including working from home.
			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.	Keppel's businesses provide many essential services – such as power generation, water and waste treatment, telecommunications, data centres and logistics – and we continued to operate during the pandemic, including the Circuit Breaker period in Singapore.
				Keppel O&M has complied with and successfully concluded the Deferred Prosecution Agreement which it had entered into with the U.S. Department of Justice three years ago.
				Reflecting Keppel's zero tolerance for corruption, we have continued to enhance our compliance measures, including rolling out the ISO 37001 Anti-Bribery Management System across business units. Beyond Keppel O&M, which had achieved global certification in 2019, the Singapore entities of both Keppel Land and Keppel Data Centres also achieved ISO 37001 certification in 2020.
	Supply Chain & Responsible Procurement		The Group recognises the importance of supply chain risk management and sustainable procurement in building operational resilience.	In recognition of Keppel's strong corporate governance disclosures and practices, the Company was ranked sixth on the Singapore Governance and Transparency Index 2020.
			We are committed to building a resilient and diversified supply chain, and we work closely with our suppliers to make a positive impact on their sustainability performance.	The Group did not experience any major supply chain disruptions during the pandemic, in part due to the supplier diversification programmes in place.
	Product Quality & Safety		We exercise due care and diligence in the design, construction and operation of our products and services to ensure that they do not pose hazards to customers.	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 the Supplier Code of Conduct.
				We consider proper design, handling, storage and disposal of materials starting from the planning stage of our projects. At the project execution stage, we carry out project reviews and quality assurance programmes.
				We will continue to engage our customers for continuous service improvements.

SUSTAINABILITY FRAMEWORK

STRATEGIC PILLARS	MATERIAL ISSUES	SDGs	APPROACH	HIGHLIGHTS
People and Community	Occupational Safety & Health		Providing a safe and healthy working environment for all stakeholders is fundamental to our commitment to conducting business responsibly.	Keppel's first priority in our response to the COVID-19 pandemic was to safeguard the health and safety of our employees, customers and stakeholders.
			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 aspects.	Following the start of the pandemic, the Group rolled out a series of measures, including more frequent cleaning of office facilities and temperature screening, as well as implementing split teams, alternative work sites, safe distancing and working from home where practical.
				In addition, across the Group's business units, pandemic representatives have been identified and trained in the protocols and procedures to handle confirmed and suspected cases of COVID-19.
				From April to June 2020, four COVID-19 clusters were announced by Singapore's Ministry of Health (MOH) at Keppel Shipyard and at the two dormitories operated by Keppel Housing. We worked closely with the authorities to minimise the spread of the coronavirus, including assisting with contact tracing, as well as thoroughly deep cleaning and disinfecting both workplaces and dormitories. As no more new cases were linked to these clusters, the clusters were progressively closed. All four clusters were closed by MOH by August 2020. The two dormitories which were gazetted as isolation areas in April 2020 were also de-gazetted by August 2020 as the situation improved.
				The workforce at Keppel O&M's yards in Singapore was reduced from 24,000 in early-March 2020 to around 1,200 for much of the second quarter to minimise transmission risk at the workplace. The workforce progressively increased over time, and reached about 19,500 by end-2020, with safe management measures in place.
				As work resumed at Keppel O&M's yards, we continued to implement robust safe management measures to ensure the health and safety of our workforce, including migrant workers. Such measures include dividing the yards into separate zones to further increase segregation and reduce the risk of transmissions. Shift work arrangements were also put in place to reduce the worker density at the yard. We are also working closely with the Singapore authorities to conduct rostered swabbing of the workers.
				Beyond Keppel O&M, various safe management measures are also being implemented at our different worksites, plants and projects around the world, in compliance with the relevant regulations, to prevent the spread of the virus.
				Keppel clinched 21 awards at the Workplace Safety and Health Awards 2020, which is the highest number of awards won by a single organisation for the year.



Senior management and union representatives of Keppel O&M distributed care packs to frontline staff and migrant workers.

STRATEGIC PILLARS	MATERIAL ISSUES	SDGs	APPROACH	HIGHLIGHTS
People and Community	Labour Practices, Talent Management & Human Rights		Our businesses spark economic growth, productivity and jobs. Our hiring policies ensure equal employment opportunities for all, and we are committed to investing in nurturing our human capital.	Keppel is committed to nurturing and developing our employees. As part of the Group's succession planning and talent development, we announced leadership renewal in a few key business units, effective on 15 February 2021.
			We uphold and respect the fundamental principles set out in the 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 our corporate statement on human rights, while our stance on diversity and inclusion is articulated in our corporate statement on diversity and inclusion. Both statements are publicly available online.	We continue to actively engage staff, despite COVID-19 and work-from-home arrangements. We achieved an Employee Engagement Score of 87% in 2020, which is higher than Mercer's global average of 80%.
				IT collaborative tools and platforms are used to facilitate telecommuting, and virtual townhalls and other staff engagement initiatives were launched to facilitate communication and ensure that employees' needs were addressed despite COVID-19. These included team building activities, mental wellness talks and virtual fitness classes, as well as medical teleconsultation services.
				An employee assistance programme was also rolled out to provide mental health support for employees and their dependents whereby employees can tap on the services of licensed counsellors from the Singapore Counselling Centre for counselling sessions, if such services are needed.
Community Development			Through collaboration with our stakeholders, we mobilise and share knowledge, expertise and technology, as well as financial and human resources to support the achievement of the SDGs.	Since the start of the COVID-19 pandemic, Keppel has committed over \$5 million to provide support to communities affected by the pandemic in Singapore and overseas. This includes a \$4.2 million package to support vulnerable communities, including lower income households in 1- and 2-room HDB flats who were given rebates through M1, Keppel Electric and City Gas, frontline staff, and other communities affected by COVID-19. Recognising the challenging environment faced by many Small and Medium Enterprises (SMEs) in Singapore, Keppel also improved payment terms to SMEs to help improve their cashflow over a six-month period.
			We encourage and promote effective public, public-private and civil society partnerships through the sponsorship and support of thought leadership and dialogue platforms.	Beyond supporting those affected by COVID-19, Keppel also made a \$2 million donation towards a new National Kidney Foundation dialysis centre at Yishun Community Hospital, which commenced operations in November 2020.
				Despite the restrictions imposed by COVID-19, Keppel Volunteers achieved over 10,000 hours of community work in 2020.
				In 2020, the Group invested \$9.6 million ¹ in social investment spending.
				Keppel Care Foundation, the Group's philanthropic arm, has disbursed over \$47 million since its launch in 2012.



SOCIAL INVESTMENT SPENDING BY PROJECT TYPE IN 2020 ¹ (%)	
Healthcare/Care for the Underprivileged	63.7
The Arts/Sports/Community Development Projects	15.6
Education	11.5
Environment	6.9
Industry Advancement	2.3
Total	\$9.6 million 100.0

¹ Includes contributions from Keppel directors and employees in support of COVID-19 relief efforts.