

REGULATORY COMPLIANCE

»» THE TONE FOR REGULATORY COMPLIANCE IS DRIVEN FROM THE TOP AND RESONATES WITH OUR EMPLOYEES AT EVERY LEVEL. WE REMAIN VIGILANT AND DETERMINED TO BUILD A DISCIPLINED AND SUSTAINABLE COMPANY.

We are guided by our core values and code of conduct. We will do business the right way and comply with all applicable laws and regulations wherever we operate. We strive to deliver outstanding performance, whilst maintaining the highest ethical standards.

We are clear with our tone for regulatory compliance, which is consistently emphasised from the top and throughout all levels of the Group. We do not tolerate fraud, bribery, corruption or any violation of laws and regulations.

STRATEGIC OBJECTIVES

In 2021, we continued to make significant progress in embedding a robust compliance framework and process throughout the Group. We continued to implement ISO 37001 Anti-Bribery Management System across all major business units (BU) to ensure consistency and operational effectiveness of the compliance

programme. Keppel Offshore & Marine (Keppel O&M) achieved global certification in 2019, while the Singapore entities of Keppel Land and Keppel Data Centres achieved ISO 37001 certification in 2020. In 2021, the Singapore entities of Keppel Infrastructure and overseas entities of Keppel Land, namely Vietnam, China and Indonesia, also achieved ISO 37001 certification. Separately, the three-year Deferred Prosecution Agreement (DPA) with the US Department of Justice was dismissed in 2021 and Keppel O&M has complied with all obligations.

Our compliance framework is designed to reflect the size, role and activity of each BU, with appropriate compliance control systems to effectively detect and remediate potential gaps. We are committed to forging a sustainable compliance framework that supports the Group’s growth and vision.



GOVERNANCE STRUCTURE

Our Regulatory Compliance Governance Structure is designed to strengthen corporate governance. The Board Risk Committee (BRC) supports the Board in its oversight of regulatory compliance and is responsible for driving the Group’s implementation of compliance and governance systems. Group Risk & Compliance serves as a secretariat to the BRC, assessing and reporting on compliance risks, controls and mitigation.

The Group Regulatory Compliance Management Committee (Group RCMC) is chaired by Keppel Corporation’s CEO and its members include all BU heads. The Group RCMC articulates the Group’s commitment to regulatory compliance, and directs and supports the development and implementation of overarching compliance policies and guidelines.

The Group RCMC is supported by the Group Regulatory Compliance Working Team (Group RCWT), which is chaired by the Head of Group Risk & Compliance. The Group RCWT oversees the development and review of pertinent regulatory compliance matters, over-arching compliance policies and guidelines for the Group. It also reviews and conducts compliance training and communication programmes.

Each BU has a dedicated Compliance Lead. He/she is supported by the respective risk and compliance teams and is responsible for driving and administering the compliance programme and agenda for the BU. This includes providing support to BU management with subject matter expertise, process excellence and regular reporting to ensure that compliance risks are effectively assessed, managed and mitigated. We continue to strengthen the Group’s Compliance teams with additional professional and experienced officers.

Under the direction of Group RCMC and Group RCWT, BUs are responsible for implementing the Keppel Group Code of Conduct, as well as regulatory compliance policies and procedures. They are also responsible for ensuring that risk assessments of material regulatory compliance risks are conducted, and that control measures are practical, adequate and effective.

REGULATORY COMPLIANCE FRAMEWORK

Our Regulatory Compliance Framework focuses on critical pillars covering the areas of culture; policies and procedures; training and communication;

key compliance processes; compliance risk assessment, reviews and monitoring, and compliance resources.

A key aspect of the Framework is the structure of the compliance organisation. The Head of Group Risk & Compliance reports directly to the Chairman of the BRC. Similarly, the Compliance Leads of the BUs have direct reporting lines to the respective BU's Audit and Risk Committees. In addition, BU Compliance Leads report directly to the Head of Group Risk & Compliance. This reporting structure reinforces independence of the function and enables management and the Board to provide continuous, clear and explicit support. It also lends credence to the Group's compliance programme.

CULTURE

Culture and mindset are critical in ensuring effectiveness and durability of our compliance programme. Management has a key role in setting the right tone and walking the talk. This helps to embed a strong and robust regulatory compliance programme, as well as a culture that permeates all levels.

Anti-bribery, anti-corruption and reporting mechanisms are widely publicised in our offices globally. We issue Group-wide bulletins on relevant topical issues to apprise, inform and reinforce compliance principles and messages. Key tone-from-the-top messages are also delivered periodically by BU heads to employees. Compliance moments were introduced as part of the agenda at meetings, where pertinent compliance topics and learnings are shared. We continue to work on initiatives to foster a positive compliance-centric culture.

POLICIES & PROCEDURES

KEPPEL GROUP CODE OF CONDUCT

We have a strict Keppel Group Code of Conduct (the Code) that applies to all employees, who are required to acknowledge and comply with the Code.

The Code sets out important principles to guide employees in executing their duties and responsibilities to the highest standards of business integrity. It encompasses topics ranging from conduct in the workplace to business conduct, including clear provisions on prohibitions against bribery and corruption, and conflicts of interests amongst others. The Code is publicly available on the Group's and BUs' websites. We continue to review and enhance the Code to ensure that it stays relevant and instructive. Appropriate disciplinary action, including suspension/termination of employment, is taken if an employee is found to have violated the Code.

We have procedures to ensure that disciplinary actions are carried out consistently and fairly across all levels of employees. All third parties who represent Keppel in business dealings, including joint venture (JV) partners, are also required to comply with and follow the requirements of the Code.

SUPPLIER CODE OF CONDUCT

The acknowledgement to abide by our Supplier Code of Conduct is mandatory for all key suppliers across the Group. The areas covered within the Supplier Code of Conduct include proper business conduct, human rights, fair labour practices, stringent safety and health standards, as well as responsible environmental management.

WHISTLE-BLOWER POLICY

Keppel's Whistle-Blower Policy encourages the reporting of suspected bribery, violations or misconduct through a clearly defined process and reporting channel, by which reports can be made in confidence and without fear of reprisal. The whistle-blower reporting channels, found on page 104 of this report, are widely communicated and made accessible.

PERSONAL DATA PROTECTION ACT

Guidance is provided to employees on the Personal Data Protection Commission's advisory guidelines to ensure that the Group complies with the requirements of the Personal Data Protection Act. When necessary and appropriate, the Group's guidelines are updated in accordance with changes in privacy laws and regulations.

COMPLIANCE POLICIES

We maintain a comprehensive list of policies covering compliance-related matters including anti-bribery, gifts and hospitality, dealing with third-party associates (TPA), donations and sponsorships, solicitation and extortion, conflict of interest and insider trading, amongst others. These policies are reviewed periodically to ensure that they commensurate with the activities and business plans in the jurisdictions in which the Group operates. Group policies are applicable to all BUs. Unless the jurisdictional regulatory requirements are more stringent, these policies represent the minimum standards for the Group. We ensure all compliance policies, including translated versions, are made available and accessible to all employees globally.

We maintain a Group Sanctions Compliance policy and BU-specific sanctions programme, and continually monitor updates on sanctions requirements.

REGULATORY COMPLIANCE

TRAINING & COMMUNICATIONS

Training is an essential component of Keppel's regulatory compliance framework. Our programmes are tailored to specific audiences and we leverage Group-wide forums to reiterate key messages.

We have a comprehensive annual e-learning training programme which is mandatory for directors, officers and employees. The content of the training covers the Keppel Group Code of Conduct and key principles underlying our compliance policies. Directors, officers and employees are required to undergo assessments to successfully complete the training. In addition, directors, officers and employees are also required to formally acknowledge their understanding of policies and declare any potential or actual conflicts of interest. Training on anti-bribery and the Code in multiple languages are carried out for industrial/general workers. Also, e-training outlining the principles underpinning the Group's policies and key areas to note when representing or acting on Keppel's behalf is conducted for high-risk TPAs.

We continue to refine our compliance training programmes and curriculum. We are also focused on developing and tailoring training content to varying target groups and training requirements. Such training conducted in 2021 included Compliance Risks in Projects and Conflict of Interest.

In addition to policy-related training programmes, we conduct training focused on the line managers' responsibilities in developing the desired culture and mindset regarding compliance. These responsibilities include the need to establish and maintain effective internal controls to ensure that processes are robust, and that potential gaps are identified and mitigated in a timely manner.

Our training aims to engender positive compliance mindsets and culture, and we see this guiding our employees in critical facets of their work. Training focused on building risk and compliance competencies are also organised to ensure that we are apprised of changes in approaches, best practices and tools.

We also leverage opportunities at various management conferences and employee meetings to emphasise the importance of compliance.

To drive greater compliance awareness and knowledge throughout the Group, we issue

a quarterly news bulletin on compliance, risk and control matters. In 2021, we enhanced the news bulletin, through a segment on lessons learnt, to reinforce awareness and understanding of ethics and compliance considerations amongst employees.

KEY PROCESSES

DUE DILIGENCE

We continue to improve our risk-based due diligence process for all TPAs who represent the Group in business dealings, including our JV partners, to assess the compliance risk of the business partner. In addition to background checks, the due diligence process incorporates requirements for TPAs to acknowledge understanding and compliance with the Code. In 2021, we enhanced the TPA policy to consolidate and streamline compliance due diligence requirements.

OTHER PROCESSES

As part of our ongoing review of policies and procedures, we ensure compliance oversight is embedded in key processes including areas such as gifts and hospitality, agent fees, donations and sponsorships, as well as conflicts of interest. We also actively seek opportunities for digitisation and continually explore the use of data analytics to enhance value and ensure efficiency of our compliance processes.

RISK ASSESSMENT, REVIEW & MONITORING

We continually develop compliance resources and framework. This will enable the Compliance team to conduct independent risk assessments to identify and mitigate key compliance risks. Regular discussions are held with all BUs, focusing on risk assessments including specific compliance risks identified for each BU. Separately, independent reviews of compliance risks are executed within the scope of internal audits, including reviews of the effectiveness of key aspects of our compliance programmes. These reviews provide valuable insights and opportunities for us to improve our processes and programmes.

ISO 37001 processes also assist in risk assessment exercises, providing even more systematic coverage and evaluations.

RESOURCES

We recognise the need for an experienced compliance team to effectively support compliance advisory, as well as to ensure that compliance programmes and controls are effectively implemented. The Board and management are committed to ensuring that we sustain a strong compliance function.