



New Year Message from the CEO

DEAR KEPPELITES

Happy new year! There is an iconic ring to the year 2020 - the start of a new decade, a new era. Around the world, many governments and organisations have set goals to be achieved by 2020.

In 2014, we also adopted an ambitious Vision 2020 for Keppel, to focus the company's strategy and transformation. It includes comprehensive targets related to financial performance, people, processes and our broader stakeholders.

Our goal is to make Keppel **a more resilient, sustainable and purposeful company**, one which can outlast all of us.

REALISING OUR VISION

Over the past few years, despite a challenging macro-environment, we have made significant progress towards our vision.

We have privatised our operating entities, starting with Keppel Land, followed by Keppel T&T and M1, thus facilitating better capital allocation and inter-business unit (BU) collaboration. Only the REITS and business trusts remain listed, serving as platforms for capital recycling, while providing stable returns to unitholders. Since 2014, we have listed two new REITS (Keppel DC REIT and Keppel Pacific Oak US REIT), made a strategic investment in Prime US REIT, and grown our assets under management.

We are pushing for more **collaboration as OneKeppel** and harnessing of synergies across the group to ensure that the whole is greater than the sum of its parts. To this end, we have established entities such as Keppel Capital, Keppel Urban Solutions (KUS) and Keppel Technology & Innovation, which support collaboration and hunting as a pack. The formation of Keppel Capital, in particular, helps the group to tap third party co-investment funds to grow our business without straining our balance sheet.

In 2018, we rallied the group behind **a common mission** to provide solutions for sustainable urbanisation. Today, we see increasing examples of collaboration among Keppel BUs in pursuit of our common purpose, such as between Keppel Land and KUS to develop Saigon Sports City, between Keppel Data Centres, Keppel Infrastructure and Keppel Offshore & Marine (Keppel O&M) to develop energy efficient floating data centre parks, and between Keppel O&M and M1 to testbed maritime autonomous surface ships.

Reflecting our common purpose, we will align the logos of our BUs starting from 1 March 2020. Instead of having Keppel wordmarks sporting different colours, we will adopt a consistent red, symbolising the passion of Keppelites. The change will be progressively rolled out around the world.

We are deepening our presence in rapidly urbanising markets such as China and Vietnam, and expanding our products and offerings, with smart, urban projects, renewables, gas solutions, asset management and connectivity among our new growth engines. Keppel is also expanding from being mainly a B2B company into the B2C space, with consumer-facing businesses such as M1, Keppel Electric, City Gas and UrbanFox.

We are also building a **more agile and innovative company**, including through venture capital investing, to acquire new capabilities and improve access to potential disruptive trends.

COMMITTED TO SUSTAINABILITY

There is growing international consensus on the urgent need for climate action - a view which Keppel shares. We see sustainability as a critical part of our mission.

At Keppel's board offsite meeting last September, we reaffirmed our commitment to put **sustainability at the core of our strategy**. Sustainability will be a key consideration in our investment decisions. We will avoid highly polluting businesses such as coal, and emphasise renewables and cleaner energy such as gas. This pivot towards renewables and gas can already be seen in Keppel O&M's strategy, with renewables and LNG-related solutions making up close to 60% of new orders secured in 2019. We should put our considerable engineering prowess and capabilities as a solution provider to work on climate change, one of the biggest challenges confronting our planet. In the process, we will also create new business opportunities.



Renewables - Offshore wind project



Saigon Sports City



Floating data centre park

Beyond reporting on our carbon footprint and use of scarce resources, we have committed to reducing waste, water and carbon emissions intensity. We have been tracking and reporting on our Scope 1 and 2 emissions since 2010, and will also start tracking Scope 3 emissions from this year. We have also set targets to invest in renewable energy generation.

In everything we do, we must be accountable to stakeholders and disciplined in execution. Through our OneERP programme, we are building a common digital spine through the entire organisation, and leveraging technology to enhance controls via automation, data analytics, continuous monitoring and exception reporting.

Reflecting our focus on compliance, Keppel O&M became one of the first companies in Singapore to achieve global ISO 37001 anti-bribery certification in 2019. We will work progressively towards ISO 37001 certification for all other Keppel entities.

I am proud to share that we achieved our goal of **zero fatalities** across our global operations in 2019. This is the first time the group has achieved this target in over 25 years. We will continue to do our best to ensure that at all our work places, everyone goes home safe, every day.

A recent study revealed that Keppel is widely regarded by internal and external stakeholders as **a trusted and reliable company**. This reputation has been painstakingly built over the years, and we must work hard to uphold it. At the same time, to stay ahead in an era of rapid change, Keppel must continue to evolve to remain relevant.

FUTURE FOCUS

Last year, we held a **Vision 2030** exercise, where about 30 younger Keppel business leaders were tasked to bring their visions for the company. There were many interesting and contrasting ideas presented, but also significant areas of convergence, such as the need to focus and build on our core strengths, divest non-core businesses, tap third party funds for growth, and build an agile organisational culture. We will take on board these ideas as we chart the company's 2030 vision, with interim targets for 2025. We will share more on Vision 2030 later this year.

Keppelites form the bedrock of the company. We are committed to people development and building an organisation where staff are engaged and motivated to give their best. I am pleased to see that our Employee Engagement Score has risen steadily, from 80% in 2015, to 82% in 2017 to 86% in 2019, significantly higher than the average of 76% among Singapore companies.

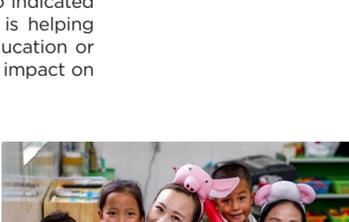
This **strong organisational health** is underpinned by our common purpose, which gives meaning to what we do. Keppelites are invigorated by how the company is contributing to a more sustainable world. In the same engagement survey, more than 90% of Keppelites also indicated that they were **proud of Keppel's CSR efforts**, whether it is helping the less fortunate, greening the environment, promoting education or supporting the arts. Keppel will continue to make a positive impact on the community, wherever we operate.



Uplifting the underprivileged



Greening the environment



Doing good wherever we operate

Last October, Temasek, through its indirect wholly-owned subsidiary, announced a voluntary pre-conditional partial offer to acquire an additional 30.55% of shares in Keppel Corporation. If successful, the partial offer will result in Temasek and the offeror owning an aggregate 51% of Keppel. We are unable to comment on the offer, but we share the view that there is inherent long-term value in Keppel's businesses. As always, we will endeavour to deliver value for all our stakeholders.

WHAT IS KEPPEL TODAY ?

To conclude, Keppel today is not just a group of unrelated companies which share a name, but an eco-system of companies, collaborating to provide solutions for a fast urbanising world. We are harnessing the group's capabilities and proven track record in engineering, project development, operating and managing specialised assets, capital and asset management, and growing new businesses aligned with these competencies. Through our integrated business model, we seek to create value across the group, and improve both the magnitude and quality of our earnings with more recurring income, while enhancing returns through active capital recycling. Our vision is for Keppel to be one integrated business providing solutions for sustainable urbanisation.

I thank Keppelites and our different stakeholders for your unstinting support and confidence in the company. I look forward to working with everyone to forge a stronger Keppel, and build a sustainable future.

I wish you and your loved ones good health and happiness in 2020.

LOH CHIN HUA
CEO
KEPPEL CORPORATION