

## 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 have zero tolerance for fraud, bribery, corruption and violation of laws and regulations.

#### STRATEGIC OBJECTIVES

We have made significant progress in embedding a robust compliance framework and processes throughout the Group. With Keppel Offshore & Marine having obtained ISO 37001 Anti-Bribery Management Systems certification for all units globally in 2019, we are progressively implementing the same standard throughout the Group. This will ensure consistency in application and operational effectiveness of the compliance programme.

We have a compliance framework that is commensurate with the size, role and activity of each business unit (BU), including appropriate compliance control systems, to be able to effectively detect and remedy gaps. We remain focused on rebuilding our credibility and reputation with our stakeholders and building a sustainable compliance framework that supports the Group's growth.

#### GOVERNANCE STRUCTURE

Our Regulatory Compliance Governance Structure is designed to strengthen our 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 mitigations.

The Group Regulatory Compliance Management Committee (Group RCMC) is chaired by Keppel Corporation's Chief Executive Officer and its members include all BU heads. The role of the Group RCMC is to articulate the Group's commitment

to regulatory compliance, direct and support the development of over-arching compliance policies and guidelines and facilitate the effective implementation of policies and procedures.

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, as well as reviews 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 function 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 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 Group's Code of Conduct and 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 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 Audit Committee or BRCs. Furthermore, BU Compliance Leads

report directly to the Head of Group Risk & Compliance. This reporting structure reinforces independence of the function and enables senior management, including members of the Board, to provide continuous, clear and explicit support, and 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 and culture that permeates all levels.

Posters on anti-bribery, anti-corruption and reporting mechanisms are exhibited in our offices globally and we issue Group-wide bulletins on relevant topical issues to apprise, inform and reinforce compliance principles and messages. Key messages are also delivered periodically by BU heads to employees. We continue to roll out initiatives to foster a positive compliance-centric culture.

## POLICIES & PROCEDURES

### Employee Code of Conduct

We have a strict Code of Conduct (Code) that applies to all employees, and who are required to acknowledge and comply with the Code. The Code sets out important principles to guide employees in carrying out their duties and responsibilities to the highest standards of business integrity. It covers areas from conduct in the workplace to business conduct, including clear provisions on prohibitions against bribery and corruption, and conflicts of interests amongst others.

We continue to review and enhance our Code to ensure that it stays updated and properly instructive. Appropriate disciplinary action, including suspension or 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 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, and 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 are widely communicated and made accessible to all.

### Personal Data Privacy 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 Privacy Act.

### Compliance Policies

We maintain a comprehensive list of policies covering compliance-related matters including anti-bribery, gifts and hospitality, agent fees, donations and sponsorships, solicitation and extortion, conflict of interest and insider trading, amongst others. These policies are reviewed periodically to ensure that they are commensurate with the activities in the jurisdictions in which the Group operates. Group policies are applicable to all BUs and unless the jurisdictional regulatory requirements are more stringent, these policies represent the minimum standards for the Group. Concerted efforts were taken to ensure all compliance policies, including translated versions, are made available and accessible to employees.

## TRAINING & COMMUNICATION

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.



**REGULATORY COMPLIANCE**

We have a comprehensive annual e-learning training programme which is mandatory for directors, officers and employees. The content of the training covers the Code and key principles underlying our compliance policies. Directors, officers and employees are required to complete assessments to successfully mark completion of 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. Trainings on anti-bribery and the Code in multi-languages are also carried out for industrial/general workers.

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 needs.

In addition to policy-related training programmes, we conduct trainings focused on the line manager's 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 on changes in approaches, best practices and tools.

Group Risk & Compliance conducts periodic site visits, particularly to locations susceptible to higher corruption risks, to raise awareness of compliance risks. We also leverage opportunities at various management conferences and employee meetings to stress the importance of compliance.

**KEY PROCESSES****Due Diligence**

We continue to improve our risk-based due diligence process for all third-party associates who represent the Group in business dealings, including our joint venture partners, to assess the compliance risk of the business partner. In addition to background checks, the due diligence process incorporates requirements for third-party associates to acknowledge understanding and compliance with the Code.

**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.

**RISK ASSESSMENT, REVIEW & MONITORING**

We continue to develop our 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 thematic 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.

**RESOURCES**

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