

# Sustainability Framework

**We are committed to environmental stewardship, responsible business practices, and investing in people and communities wherever we operate.**

## Our Strategy

Keppel has a two-pronged sustainability strategy of running our business sustainably, and making sustainability our business by providing solutions that contribute to global sustainable development and decarbonisation efforts.

Our approach to sustainability is underpinned by the three pillars of (i) Environmental Stewardship, (ii) Responsible Business, and (iii) People and Community, which address the environmental, social and governance (ESG) aspects of sustainability.



### Environmental Stewardship

We are committed to combatting climate change, improving resource efficiency and reducing our environmental impact. We are refocusing the Group's portfolio on solutions for a sustainable future, such as renewables, clean energy and decarbonisation solutions.

We have set quantitative targets to reduce the Group's carbon emissions, as well as water and waste intensity. We have also set targets to increase renewable energy utilisation, and grow our portfolio of renewable energy assets. We are monitoring the latest developments in climate change and taking steps to both manage climate-related risks and seize opportunities by providing solutions that contribute to climate action, including driving sustainable urban renewal and exploring innovative solutions such as the development of climate-resilient nearshore developments and energy-efficient floating data centres.



### 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, including the evaluation of ESG risks.

We are driving collaboration and innovation across the Group, leveraging technology and our asset-light model to provide solutions that contribute to sustainable development and combatting climate change, while creating value for all our stakeholders.

We have set targets to increase our research and development expenditure on sustainability-linked innovation and are also working 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 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 uplift communities wherever we operate. We 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 to contribute up to 1% of the Group's net profit to worthy causes.

## Sustainability Governance

The Board and management of Keppel Corporation are committed to sustainability, which is at the core of the Company's strategy.

The Board and management consider sustainability issues in the Company's business and strategy, determine the material ESG factors and oversee the management and monitoring of the material ESG factors.

Sustainability-related topics, including environmental and climate change issues, as well as social and governance aspects, are regularly discussed by the Board, which meets six times a year, and as warranted by circumstances. Since July 2022, sustainability has been included in the agenda of each Board meeting.

In May 2022, the Board established a Board Sustainability and Safety Committee (BSSC) to provide even greater focus on sustainability matters. The role of the former Board Safety Committee has been subsumed under the BSSC.

The BSSC is chaired by non-independent and non-executive director Mr Teo Siong Seng, and its members include Chairman of Keppel Corporation Mr Danny Teoh, CEO and Executive Director Mr Loh Chin Hua, as well as Independent Director Mr Olivier Blum, who has extensive experience in sustainability.

The BSSC meets at least four times a year. Its roles include monitoring international

sustainability-related trends and developments, reviewing the Company's sustainability strategy, ensuring that the Group has in place an effective sustainability governance structure, overseeing the adoption of and progress towards the Company's sustainability goals, reviewing the processes for identifying, assessing and managing climate-related risks and opportunities, overseeing the Company's health, safety, and environmental (HSE) performance, among others. The BSSC also makes regular visits to the Group's projects and work sites, including interacting with the Group's contractors and suppliers, to monitor and better understand the Group's sustainability and safety performance.

Each quarter, the Chairman of the BSSC provides an update to the Board on key issues deliberated by the BSSC. The BSSC also considers management's proposals on sustainability-related policies and practices and makes recommendations to the Board where relevant.

While the BSSC maintains broad oversight over sustainability issues, other Board Committees, namely the Audit, Nominating, Remuneration and Board Risk Committees, also address specific aspects of sustainability relevant to their respective committees.

At the management level, the Management Executive Committee (MExCo), which meets every month, oversees Keppel's strategy

and performance, including sustainability issues. MExCo also determines the Group's key sustainability policies and targets, before they are presented to the BSSC. The committee is chaired by CEO Mr Loh Chin Hua and comprises senior management from across the Group, including the Chief Financial Officer, CEOs of key business units and the Chief Sustainability Officer (CSO).

The CSO, who reports to the CEO as well as the BSSC, coordinates and drives the Group's sustainability efforts. The CSO chairs the Group Sustainability Working Committee, comprising heads of corporate functions and representatives from across businesses units, which monitors and executes the Group's sustainability efforts. The CSO also heads the Group Sustainability department, which manages different aspects of the Group's sustainability efforts, including preparing Keppel's sustainability report, with inputs from business units and members of the Group Sustainability Working Committee.

To embed sustainability throughout the Company and ensure accountability, sustainability targets have been included in the performance appraisal of senior management across the Group, including both annual remuneration and long-term incentives. Environmental sustainability targets, including carbon emissions reduction, account for 7.5% of the Company's performance scorecard.

How we create value for our stakeholders

Recognition

<p>Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&amp;P Global CSA</p> <p>Dow Jones Sustainability World Index Dow Jones Sustainability Asia Pacific Index</p>	<p><b>MSCI</b> ESG RATINGS AAA</p> <p>MSCI ACWI and MSCI World ESG Leaders Index<sup>1</sup></p>	<p><b>SGX</b></p> <p>iEdge SG ESG Indices and iEdge Singapore Low Carbon Indices</p>	<p><b>FTSE4Good</b></p> <p>FTSE4Good Index Series</p>
<p><b>EURONEXT</b> INDICES WORLD 120</p> <p>Euronext Vigeo World 120 Index</p>	<p><b>SIFAS</b> INVESTORS' CHOICE AWARDS 2022</p> <p>Securities Investors Association (Singapore) Investors' Choice Awards 2022 Singapore Corporate Governance Award (Big Cap), and Outstanding CEO Award</p>	<p><b>CHAMPIONS OF GOOD</b> 2022</p> <p>Champion of Good 2022 by the National Volunteer and Philanthropy Centre</p>	<p><b>Forbes 2022</b> WORLD'S BEST EMPLOYERS</p> <p>World's Best Employers 2022 by Forbes</p>

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## Implementing TCFD Recommendations

Since 2020, Keppel has supported the Task Force on Climate-related Financial Disclosures (TCFD), and started implementing its recommendations to better assess and report on the financial impact of climate-related risks and opportunities on the Group's business. Keppel has the necessary governance structures at both the Board and management levels to monitor climate-related issues, which are

taken into consideration in the determination of Keppel's strategy.

The Company has put in place risk management frameworks to address climate-related risks. In 2022, the Company identified climate change as a key risk which is monitored by the Board Risk Committee under the Group-wide Enterprise Risk Management framework. The Group

has also conducted scenario analyses with support from external advisors to better assess the Group's exposure and response to climate-related risks and opportunities. Climate-related metrics and targets have been established, including reduction of carbon emissions, utilisation of renewable energy and growing the Group's portfolio of renewable energy assets.

For more information, view our Sustainability Report on our website at [www.keppcorp.com](http://www.keppcorp.com)

We publish sustainability reports annually, and the next report will be published in May 2023. 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 Framework

## Contributing to Sustainable Development

The Board and management of Keppel Corporation review annually and determine the ESG factors material to the Group's business, taking into account the Group's business strategy, market conditions and stakeholder concerns. The materiality review helps the Company to focus its sustainability strategy, management practices and reporting on the most significant impacts and factors in order to create sustainable value over the long term.

In 2022, Keppel conducted a comprehensive review of its material ESG factors, supported

by an independent consultant, taking into account the Group's business transformation and refocused portfolio as the Company accelerates its execution of Vision 2030. The seven material ESG factors were grouped under Keppel's three sustainability pillars of Environmental Stewardship, Responsible Business as well as People and Community, which correspond with the environmental, governance, and social aspects of sustainability respectively. Further details on our review of material ESG factors will be provided in Keppel Corporation's Sustainability Report to be published in May 2023.

As a company committed to sustainability, Keppel contributes, both directly and indirectly, towards the achievement of the United Nations Sustainable Development Goals (SDGs). We have identified 10 SDGs which represent the Group's most significant impacts on the sustainable development agenda. They include areas where Keppel is making the most positive impacts on the SDGs, as well as areas where we have a responsibility to prevent and mitigate potential negative impacts. The table below outlines how Keppel is contributing to the SDGs, organised based on the Group's material ESG factors.

## Strategic Pillar: Environmental Stewardship

### Material Factor Climate Action & Environmental Management

**Approach**  
Keppel is committed to both running our business sustainably, and making sustainability our business through providing solutions that contribute to a greener world. This involves focusing our portfolio on sustainability-related solutions and innovations, building resilience against climate change risks, and seizing climate-related opportunities for growth. We are also committed to minimising our environmental impact by reducing greenhouse gas emissions, energy consumption, water consumption and waste generation, as well as preventing pollution and preserving biodiversity in our operations.

**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.

We have been tracking Scope 3 emissions since 2019 and are progressively expanding our coverage. We are working towards disclosing all 15 relevant categories of Scope 3 emissions in our 2022 sustainability report.

Since 2020, Keppel has adopted a 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.

Keppel has set a target to grow our renewable energy portfolio to 7 GW by 2030, and has announced renewables projects with a total capacity of 2.6 GW as at end-2022, including projects under development.

Within our operations, Keppel has set a target for 50% of the Group's electricity use to be from renewable energy sources by 2025, with a view to reaching 100% by 2030.

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

In 2022, Keppel Corporation signed on to the Singapore Green Nation Pledge, which comprises a list of commitments intended to help make Singapore green, liveable and climate resilient.

Keppel is refocusing our portfolio on solutions for a sustainable future. In 2022, we actively expanded our business in Vision 2030 growth areas, such as renewables, clean energy and environmental solutions. These include commencing Singapore's first renewable energy import, the development of Singapore's first hydrogen-ready power plant, the Keppel Sakra Cogen Plant, the opening of *Keppel Infrastructure @ Changi*, Singapore's first Green Mark Platinum Positive Energy building under the new and more stringent Green Mark scheme, and exploring green ammonia and green hydrogen opportunities with international partners. In the area of clean water, Keppel operates the Keppel Marina East Desalination Plant, Singapore's first large-scale, dual-mode desalination plant, which contributes to strengthening the country's water security. Keppel is also seizing opportunities in sustainable urban renewal, and continuing to develop innovative solutions for greener data centres.

### Impact on SDGs



## Strategic Pillar: Responsible Business

### Material Factor Corporate Governance & Risk Management

**Approach**  
Keppel recognises that good corporate governance is essential to the sustainability of the Company's businesses, and that non-compliance with laws and regulations may pose financial and reputational risks. We are committed to ensuring strong corporate governance and regulatory compliance, robust risk management, including of sustainability-related risks, as well as high standards of ethical business conduct, including zero tolerance for fraud, bribery, and corruption.

**Highlights**  
In 2022, Keppel appointed two new independent directors, Mr Oliver Blum and Mr Jimmy Ng, to our Board with effect from 1 May 2022. Mr Blum and Mr Ng are also members of the Board Sustainability and Safety Committee and the Board Risk Committee respectively. Mr Blum has extensive experience in both running companies sustainably and driving sustainability-as-a-business on a global scale, while Mr Ng has rich expertise in driving digitalisation as a corporate strategy. Their appointments reflect Keppel's commitment to achieve a good balance of skills, knowledge, talents, experience as well as diversity among directors, and ensures that Keppel can benefit from the best talent as we execute the Group's Vision 2030.

Amidst significant global risks in 2022 arising from the Russia-Ukraine conflict, volatility in commodity prices, rising interest rates and inflation, disruption in global supply chains, and slowdown of China's economy, Keppel continued to operate effectively and was able to manage these risks through robust risk management practices and planning.

Given our zero tolerance for fraud, bribery, corruption and violation of laws and regulations, we continue to enhance our Compliance Framework including digitisation of Know Your Client processes through a system platform implemented across Keppel and roll out of the ISO 37001 Anti-Bribery Management System across business units. In 2022, the main entities achieving ISO 37001 certification comprised Keppel Infrastructure Qatar and Belgium, and Keppel Land India.

In 2022, 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 on managing the global macro risks and mitigating the impact on business where possible. Cybersecurity risk continues to be one of our significant risks and we continuously enhance our technology controls to prevent and detect cyber-attacks. We also focused on climate-related risks to improve monitoring and assessment of the impact of climate change on business operations and assets, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

### Impact on SDGs



### Material Factor Economic Contribution to Society

**Approach**  
Keppel creates value for all stakeholders through running a successful and resilient business, which provides good dividends for shareholders, jobs for communities, and tax revenue for governments. By growing our business as a provider of sustainability-related solutions, Keppel contributes to the economic advancement of society, while also advancing environmental sustainability.

**Highlights**  
Keppel's business operations generate employment, opportunities for suppliers, products and services for customers, tax revenues for governments and dividends for shareholders.

In 2022, Keppel achieved a net profit of \$927 million. Total cash dividend for FY 2022 is 33.0 cents per share.

Keppel is committed to ensuring that its approach towards tax management is executed responsibly and with integrity. Keppel's Group Tax department monitors and maintains oversight of Keppel's tax matters by regularly collaborating with, and closely supporting, the business and finance teams, as well as other internal stakeholders on various tax planning initiatives and tax compliance matters.

### Impact on SDGs



### Material Factor Supply Chain Management

**Approach**  
Keppel believes in building a resilient, responsible, and diversified supply chain. We are committed to integrating sustainability criteria in the selection, monitoring and evaluation of suppliers and engaging with suppliers to adopt sustainable and responsible business practices, to minimise social and environmental impacts as well as manage risks across our supply chains.

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

Keppel worked closely with our customers and suppliers to mitigate the impacts of supply chain disruptions due to the pandemic, labour shortages and the global energy crisis.

As part of our efforts to enhance sustainability performance within our supply chain, Keppel Corporation also collaborated with UN Global Compact Network Singapore to provide carbon management training for the Group's suppliers from Small and Medium Enterprises.

Keppel has been progressively enhancing our identification and monitoring of the emissions generated by our supply chain, and we are working towards disclosing all 15 relevant categories of Scope 3 emissions in our 2022 sustainability report.

### Impact on SDGs



# Sustainability Framework

## Strategic Pillar: People and Community

### Material Factor Human Capital Management

**Approach**  
Keppel recognises that its people are fundamental to the Company's performance. We seek to build a highly trained workforce led by people-centric leaders. We are committed to building positive employee well-being, upholding fair employment practices, and empowering a diverse and engaged workforce.

**Highlights**  
The Group continued to conduct our annual Employee Engagement Survey, and performed well, with a score of 84% in 2022, higher than Mercer's global average of 80%. 88% of our staff indicated that they are proud to work for Keppel.

Keppel is committed to being a fair employer. As of April 2022, all our business units in Singapore have signed the Employers' Pledge of Fair Employment Practices by the Singapore Tripartite Alliance for Fair & Progressive Employment Practices.

We continued to foster a positive learning culture with Keppel's Global Learning Festival and to encourage employees to take charge of their careers through the Global Career Festival. In 2022, the Group achieved an average of more than 24 hours of training per employee, higher than the target of 20 hours. More regular performance conversations were also introduced between managers and employees to drive sustained employee engagement and performance.

To support holistic employee well-being, the Company organised various well-being initiatives, which include Financial Well-Being Month, Physical Well-Being Month, Mental Well-Being Month and Appreciation Month.

Migrant workers are an important part of Keppel's workforce, especially in the offshore and marine sector. Keppel Offshore & Marine's entities in Singapore were audited and certified to be in conformance with the Dhaka Principles for Migration with Dignity for the responsible recruitment and employment of migrant workers in 2022.

In recognition of how Keppel develops and looks after our people, Keppel Corporation was ranked as one of the World's Best Employers 2022 by Forbes and was awarded the SkillsFuture Employer Award (Gold) 2022. Keppel Group was also re-certified as a Top Employer Singapore 2023 by the Top Employers Institute.



### Material Factor Health & Safety

**Approach**  
Keppel is committed to providing a safe and healthy working environment. We believe in a pro-active safety culture and advocate for continuous improvements in health and safety standards, both in our operations and in the broader community. We also ensure high safety standards for our products and services to safeguard customer health and safety.

**Highlights**  
Keppel places the highest priority on the health and safety of our stakeholders. The Company's leadership sets the tone and leads by example in strengthening our safety culture. Recognising the pivotal role played by front-line staff in building our safety culture, in 2022, we sharpened our focus to engage and empower them to be more active in intervening and speaking up when they encounter any unsafe act or practice.

The Group made significant progress in leveraging technology to digitalise key HSE processes, including the reporting of hazards, further enhancing our efforts in empowering employees to speak up for safety. In 2022, the total number of hazards reported via the mobile HSE application was significantly higher compared to the year before.

Underscoring our proactive approach in designing and building safe products, and safeguarding the health and safety of all our stakeholders, the Group developed guidelines in Design for Safety (DFS) and has since applied it to all major developments in and out of Singapore.

Regrettably, despite our best safety efforts, the Group recorded three fatalities in two incidents at our shipyard in Singapore in 2022. We have investigated the incidents and put in place measures to prevent recurrence.



## Strategic Pillar: People and Community

### Material Factor Community Development

**Approach**  
Keppel believes that the Company does well when the community does well. We aim to uplift and give back to communities wherever we operate, building lasting positive relationships and effective partnerships, including through staff volunteerism. We invest in worthy causes, focusing in particular on supporting education, caring for the underprivileged, and protecting the environment.

**Highlights**  
In 2022, the Group invested around \$4.3 million in social investment spending and industry advancement, including close to \$1.9 million disbursed through Keppel Care Foundation, the Group's philanthropic arm.

Since its establishment in 2012, Keppel Care Foundation has disbursed over \$52 million in support of worthy causes.

In view of the trend of ageing populations and the increasing number of dementia patients, in 2022, Keppel pledged \$1 million over three years to Dementia Singapore to support the needs of persons with dementia and their caregivers.

We also launched the Living Well programme in Vietnam, in which Keppel Land and Keppel Infrastructure collaborated to provide clean drinking water for about 20,000 villagers.

In Shanghai, China, employees from Keppel Land China and Keppel Capital China collaborated with local organisations to deliver food items to the elderly and construction workers who had difficulty accessing food and other daily necessities during the COVID-19-related lockdowns.

Keppel also committed \$300,000 over three years to Gardens by the Bay to support public education tours on nature and sustainability, and supported the Singapore Environment Council's School Green Awards, which serves as a platform for students to develop and showcase their environmental efforts. In addition, Keppel Land extended the very well-received 'R.I.S.E.' to the Challenge' public outreach programme, which aims to raise awareness on rising sea levels and the pressing need for climate action, for another two years.

Beyond financial support, Keppel staff also volunteer their time and services to the community. In 2022, Keppel Volunteers contributed more than 14,000 hours of community work, despite constraints imposed by the COVID-19 pandemic.

