

# Risk Management

Keppel adopts a balanced approach to risk management to optimise returns while considering their impact on corporate sustainability. Managing risks effectively is an integral part of the way in which we develop and execute our business strategies.

fosters a risk-centric culture through several aspects as shown in Figure 1.

## ENTERPRISE RISK MANAGEMENT FRAMEWORK

Relevant and material risk issues are surfaced for discussion with the Board Risk Committee (BRC) and the Board to keep them apprised in a timely manner. Through the BRC, the Board advises management in formulating and implementing the risk management framework, policies and guidelines.

The terms of reference for the BRC are disclosed on pages 103 to 104 of this report. The Board has set out three risk tolerance guiding principles to determine the nature and extent of material risks which the Board is prepared to take in achieving Keppel's strategic objectives<sup>1</sup>.

These principles are:

1. Risks taken should be carefully evaluated, commensurate with rewards and be in line with Keppel's core strengths and strategic objectives;
2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger Keppel; and
3. Keppel does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

We undertake only appropriate and well-considered risks, taking into account the impact to our business, stakeholders, and long-term corporate sustainability.

It is grounded in our operating principles and belief that a balanced risk-reward methodology is the optimal approach. This applies to all aspects of our business, and particularly, our commitment to environmental, social and governance (ESG) issues and our commitment to deliver long-term value to our stakeholders.

Our Risk-Centric Culture and Enterprise Risk Management (ERM) Framework enables us to respond to the dynamic economic environment, evolving business demands, as well as to seize new business opportunities.

### RISK-CENTRIC CULTURE

Mindsets and attitudes are key to effective risk management. Keppel

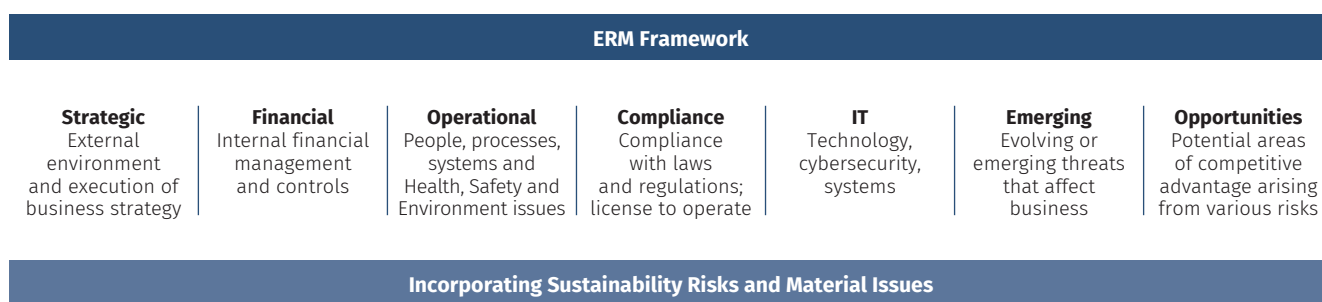
Figure 1



<sup>1</sup> The risk tolerance principles apply to all material risks identified, including strategic, financial, operational, compliance and IT risks.

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Figure 2



Keppel’s risk governance framework, set out on pages 93 to 98 under Principle 9 (Risk Management and Internal Controls), allows the Board and management to determine the adequacy and effectiveness of Keppel’s risk management system. Along with our shifting business landscapes, Keppel is cognisant of the dynamic environment in which it operates. We constantly enhance the framework and systems where necessary, to ensure risk management remains an integral part of our daily decision-making process and operations.

Keppel’s ERM framework, a component of Keppel’s System of Management Controls, provides a systematic approach to identify and manage risks. It outlines the requirement for the respective platforms and divisions to recognise key risk areas affecting operations. Each identified risk is assessed for impact and likelihood based on a set of defined impact and likelihood criteria. Impact criteria include, but are not limited to, financial, operational, regulatory and legal. The effectiveness of existing risk management measures is considered before arriving at the risk rating and risk prioritisation. The risk levels of all the key risk areas are detailed in a risk register and risk matrix. The ERM framework also establishes the reporting structure, monitoring mechanisms, processes and tools used, as well as any policies, standards or limits to be applied in managing key risk areas.

Keppel’s ERM framework is also constantly enhanced to ensure it remains relevant in our operating environment and where required, is tailored to the requirements of the respective platforms and divisions.

The framework takes reference from the Singapore Code of Corporate Governance, the COSO Enterprise Risk Management – Integrated Framework, ISO 22301:2019, ISO 31000:2018 and the Board Risk Committee Guide published by the Singapore Institute of Directors.

Management and risk teams across the platforms and divisions closely drive and coordinate Keppel-wide activities and initiatives under the ERM framework. These are facilitated by regular meetings on policies or standards, or to ensure that pertinent risks are identified, assessed and mitigated in a timely manner. Beyond operational activities, we continually improve our risk processes taking reference from industry developments and best practices.

The key risks identified for FY 2023 encapsulate both existing business activities and the transformation and growth initiatives under Vision 2030, which includes the divestment of the offshore and marine (O&M) business. We are committed to addressing these risks in line with our philosophy of undertaking only appropriate and well-considered risks to optimise returns in a balanced and holistic manner, with an objective to deliver sustainable long-term value to our stakeholders.

### STRATEGIC RISKS Market & Competition

The major drivers of Keppel’s strategic risk include market forces, evolving competition, changing customer demands, and disruptive technology. Keppel is also exposed to other external factors like volatility in the global economy such as high interest rates, elevated inflation and volatility in global markets, and geopolitical tensions. Despite the many challenges,

we have adapted and continued to operate resiliently in 2023. We had proactively taken mitigating actions to adjust and adapt our strategies and responses. During the year, the Board and management stayed focused on the execution of Vision 2030. As Keppel evolves to become a global asset manager and operator creating solutions for a sustainable future, we will continually refine and enhance our risk management framework to support our business and objectives.

### Strategic Ventures, Investments & Divestments

Keppel adopts a structured process for evaluating investment and divestment decisions, including strategic ventures. These endeavours are monitored to ensure alignment with our strategic intent, investment objectives and desired returns. Strategies are revised and updated, where required, in response to the changing business environment.

The Investment and Major Project Action Committee works closely with the Board to provide guidance in ensuring that any such risks taken are considered and controlled in a manner that exercises the spirit of enterprise and prudence, to earn the best risk-adjusted returns on invested capital across our business.

The evaluation of risks for strategic ventures involves rigorous due diligence, feasibility studies and sensitivity analyses of key assumptions or variables. Key factors considered include the project’s alignment with our strategy, financial viability, country-specific political and regulatory developments, contractual risk implications, sustainability

considerations, as well as past lessons learnt. Our investment portfolios are constantly monitored to ensure that the performance of any such venture is on track to meet its strategic intent and returns.

For the divestment of our O&M business in 2023, committees were set up to monitor the progress of the divestment activities and corresponding risks were tracked to ensure timely resolution.

### Climate Change

Keppel's climate change risks form part of the material ESG issues addressed by the Board and management. We have been incorporating the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD)<sup>1</sup> in our reporting framework since 2020 to articulate climate-related risks and opportunities that can have a financial impact on our business.

Climate change risks are reviewed and assessed within our ERM framework which guides Keppel on the processes and methods applied in identifying, assessing and managing sustainability-related risks. As part of climate change risk management, we assess both physical and transition risks for Keppel and strengthen our organisational capabilities in response to climate change.

The Board Sustainability and Safety Committee (BSSC) reviews the processes for identifying, assessing, and managing climate-related risks and opportunities across the four pillars of governance, strategy, risk management, and metrics and targets, and related reporting aligned with the recommendations of the Task Force on Climate-related Financial Disclosures. The BSSC also oversees the adoption of Keppel's sustainability goals and targets, as well as management's plans and progress towards achieving the goals and targets.

Keppel has been conducting qualitative analyses of the physical impact of climate change since 2021. In 2023, Keppel conducted a further quantitative

analysis focusing on the vulnerability of 19 key assets across our Infrastructure, Real Estate and Connectivity divisions, to physical climate risks over the time periods of 2030, 2050 and 2070. The assets are located across Singapore, China, Vietnam, Indonesia and India, and had a total asset value of \$4.9 billion as at end-2022.

Based on the assessment, the top three physical risks faced by these assets were extreme water level, extreme temperature and extreme precipitation. The average annual financial impact from physical damage for 2030 for these 19 assets was assessed to range from approximately \$14 million to \$16 million, based on the Shared Socioeconomic Pathways (SSP): SSP1-2.6, SSP2-4.5 and SSP5-8.5 scenarios, and was assessed to be not material for Keppel.

Keppel is currently also conducting a quantitative assessment of the transition risks associated with climate change. The analysis focuses on two key aspects of transition risks which are more readily quantifiable, namely the impact of carbon taxes on power generation assets and other assets subject to carbon taxes, and the indirect impact in terms of the rising price of electricity over time in key markets where Keppel operates. More details will be provided in our Sustainability Report 2023, which will be published in May 2024.

### Customer & Stakeholder Experience

Keppel operates in numerous geographies and has multiple customer touchpoints, including retail consumers in the telecommunications, retail electricity, e-commerce, gas businesses, senior living and commercial retail buildings. Other stakeholders include our regulators, vendors, investors, partners, employees, and the communities in which we operate. We value customer and stakeholder experiences, which have a direct bearing on trust and brand reputation. Hence, we consistently monitor our products and services for safety, quality and reliability. We continually review feedback and post-sales support, and commit

ourselves to upholding personal data privacy, product safety and related matters including our responsiveness to inputs from all stakeholders.

### Human Resources

We place a strong emphasis on attracting and developing a high-performing talent pool. To drive our new engines of growth under Vision 2030, we leverage both internal and external programmes to develop the necessary skillsets to enable Keppel's next phase of growth. This includes nurturing employees, maintaining good industrial relations and fostering a conducive work environment. We are committed to strengthening succession planning and bench strength, as well as building and acquiring new organisational capabilities in line with our strategic objectives, whilst maintaining our status as an employer of choice.

We emphasise the importance of having a risk-centric mindset, and developing the ability to identify and assess risks, implement mitigating actions, and monitor residual risks in all employees. Keppel Leadership Institute helps to create this mindset by embedding risk management in its leadership courses.

### OPERATIONAL RISKS

#### Project Management

Risk management is an integral part of all projects from initiation to completion to facilitate early detection and proactive management of operational risks. We adopt a systematic risk assessment and monitoring process with special attention given to technically challenging and high-value projects, including greenfield developments, the deployment of new technology and/or operations in new geographies.

During project execution, regular reviews are conducted along with quality assurance programmes to address issues such as cost, schedule and quality. Project Key Risk Indicators are used as early warning signals to determine if intervention is required. We also conduct knowledge-sharing workshops to share best practices or lessons learnt across Keppel.

<sup>1</sup> TCFD has fulfilled its remit and disbanded in October 2023. Following the publication of the inaugural ISSB Standards – IFRS S1 and IFRS S2 – the Financial Stability Board has asked the IFRS Foundation to take over the monitoring of the progress on companies' climate-related disclosures from TCFD.

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These risk management processes help ensure our project delivery is on time and within budget, without compromising on safety or quality, as well as regulatory and contractual obligations.

### Health, Safety & Environment

Keppel is committed to upholding the highest standards of safety in all aspects of our business operations. We continue to focus on and emphasise the importance of staff health and safety by implementing appropriate processes and ensuring adherence to industry standards, regulations, or government guidelines to protect employees or other stakeholders from potential exposure to health or safety hazards.

Health, Safety & Environment (HSE) policies, practices and performance, including trends, root cause analysis as well as improvement actions, are discussed and deliberated at the Board Sustainability & Safety Committee (BSSC) on a regular basis. This ensures that there is a robust HSE management system in place.

We make efforts to ensure adherence to workplace health and safety precautions, such as conducting risk assessments and thorough inspections of equipment and work areas prior to work commencing. A strong HSE culture is cultivated through various initiatives. This includes regular safety training for employees, where they are educated on safety protocols, procedures, and industry best practices. Keppel also encourages employees to actively participate in identifying and reporting any potential safety hazards, creating a shared purpose of collective ownership and responsibility. Every worker is empowered to stop any unsafe work and this is continuously being reinforced through our Speak Up for Safety Campaign.

Keppel's Zero Fatality Strategy aligns High Impact Risk Activities standards across our global operations. This is achieved by enhancing the competency of employees performing safety-critical tasks, strengthening operational controls, establishing Root Cause Analysis investigation standards across Keppel, as well as

deploying leading risk indicators/ metrics to monitor HSE performance standards.

In 2023, Keppel won two Workplace Safety and Health Awards for exemplary safety performance, implementation of robust HSE management systems, and efforts to innovate solutions that improve HSE.

Environmental management is also a critical area of focus for Keppel and all major operating sites globally are closely monitored for compliance with relevant local or global environmental standards, including protection of the environment and biodiversity.

### Business & Operational Processes

As part of the next phase of Vision 2030, Keppel embarked on a major reorganisation to fast-track our transformation into a global asset manager with deep operating capabilities. The conglomerate structure was removed to form a horizontally integrated structure comprising the Fund Management, Investment and Operating platforms. With the simplification of the organisation structure that consolidated the former business units into one Operating Platform and their integration with the Fund Management and Investment platforms, Keppel can realise significant synergies, including through centralising and optimising its support functions. This aims to build a nimble and efficient company which is better able to scale up quickly, empowered by technology and automation.

To manage the complex transformation across people, processes and technology, a Programme Office was set up to orchestrate the programme, coordinate across the various workstreams and ensure a smooth transition into our new operating model, which is now in effect. These workstreams covered activities such as operating model and processes, system changes, corporate governance, communications and change management, among others. Regular Steering and Working Committee meetings at different levels were held at a rigorous cadence to drive programme implementation, track key risks and make decisive actions to resolve

issues. The leadership team provided strong alignment and one tone from the top which are critical to the success of the transformation. To operationalise the new model, there was extensive cross-functional collaboration across businesses, functions and systems teams. Communications and training through various channels were held to manage the change and ensure that employees are updated on the transformation journey and are acquainted with the new organisation structure, the processes and any changes to their roles.

While we have successfully transitioned to the new operating model, we will need to continue optimising our processes, foster greater integration and leverage technology in order to be more efficient and capture further synergies as we scale up.

Taking a risk-based approach, we seek to improve digitalisation and automation in enhancing or optimising our processes. We also continually evaluate our procedures, policies and authority limits to ensure that they stay relevant.

### Business Continuity

We are committed to Business Continuity Management (BCM) standards that equip us with the capability to respond effectively to business disruptions. We plan for contingencies in the event of major catastrophes occurring in our operating regions. This includes events such as natural disasters, fire, pandemics, terrorism and cyber-attacks, as well as the failure of critical equipment/systems and industrial accidents. We also continually monitor other potentially disruptive threats to our business operations and adapt our plans to ensure operational resilience.

Our Incident Reporting and Crisis Management operating standard guides us in the management of and response to major incidents, while our Business Continuity Plans address post-event mitigation. These are coordinated by management and the Keppel BCM Steering Committee, which provide sponsorship, direction, and guidance to ensure a state of constant readiness-to-respond. We continually

refine our capabilities in responding to major incidents or crises with the aim of safeguarding our people, assets, and stakeholders' interests, as well as Keppel's reputation.

We also recognise the significance of cyber threats as a potential cause of business disruption and maintain a Keppel Cyber Incident Response plan, which details our response and recovery protocols in the event of a cyber incident. The plan takes reference from local and international standards and Cyber Tabletop Exercises are conducted regularly to validate the effectiveness of these protocols.

**Cyber Security, Data Protection and Technology**

Technology, cyber security and data-related risks, including outsourced services, are a part of Keppel's operational risks. We recognise the criticality of global cyber threats and have established technology and cyber governance structures and frameworks to address both general technology and cyber security controls, covering key areas such as business disruption, theft/loss of confidential data and data integrity.

Keppel continues to have a dedicated Cyber Security function which reports

to the Head of Cyber Security, who has a reporting line to the Board Risk Committee through the Head of Risk & Compliance, to reinforce independence and facilitate Board oversight. A Digital Transformation Steering Committee is in place to provide strategic guidance and endorse Keppel-wide technology vision, initiatives and policies to achieve alignment and optimisation in achieving business strategies.

Keppel continually monitors its technology and cyber security-related risks. The work involves the identification, assessment and management of risks within critical technology and data assets, applying leading industry guidelines where relevant, for example such as those by the Cyber Security Agency of Singapore. Keppel also seeks to improve technology and cyber security standards and inculcate a culture of cyber awareness among employees.

In 2023, Keppel made progress on various initiatives to strengthen our technology and cyber security governance and controls through the refinement, enhancement and alignment of our frameworks, processes and systems, as shown in the table below. Keppel did not experience any breaches of information security during the year.

Training and assessment exercises were conducted throughout the year to heighten employees' overall awareness of technology and cyber threats.

In addition, Keppel has a set of Keppel-wide technology policies that was established according to leading industry guidelines as well as local regulators' requirements and guidelines. These are regularly reviewed to ensure that the control requirements remain relevant in the current cyber and technology risk landscape.

Independent external audits as well as internal audits are performed regularly on Keppel's IT policies, IT infrastructure and information security management systems to ensure the adequacy and effectiveness of the controls. Vulnerability assessment and penetration testing are conducted to identify security vulnerabilities in Keppel's IT environment. Appropriate mitigations/remediations are carried out to reduce or remove associated risks, enabling Keppel to better protect its systems and data from malicious attacks.

Technical teams and other experts across Keppel enable us to keep abreast of evolving technology. Risk mitigation or responses are either calibrated at respective platforms or divisions or managed strategically with the assistance of the Transformation & Innovation function, which assists in driving Keppel-wide adoption of new technology and innovation.

The Keppel Technology Advisory Panel, comprising thought leaders and business veterans from key industries relevant to Keppel, also regularly advises Keppel in areas of technological innovation. More information on Keppel's technology and innovation management can be found on pages 22 to 23 and 35 of this report.

**COMPLIANCE RISKS  
Laws, Regulations & Compliance**

We closely monitor developments in relevant laws and regulations of countries where Keppel operates to ensure regulatory compliance. We recognise that non-compliance with any law or regulation may have

OUR FRAMEWORK, PROCESS AND SYSTEMS
<p><b>Framework</b></p> <ul style="list-style-type: none"> <li>Establishment of an Artificial Intelligence (AI) Governance Framework to provide guidelines and governance oversight, to manage the arising risks for safeguarding the use of AI within Keppel</li> <li>Establishment of a Data Governance Framework to promote standards on how data is used throughout the data life cycle to improve data quality, enhance decision-making, and manage data risks</li> </ul>
<p><b>Process</b></p> <ul style="list-style-type: none"> <li>Harmonised the IT and cyber structure across Keppel to optimise and globally centralise oversight and governance to effectively manage technology and cyber risks</li> <li>Appointment of Business Information Security Officer (BISO) as the cyber security business partner for the respective platforms and divisions to work closely with the management to strengthen cyber risk management and build cyber resiliency</li> <li>Enhanced the ability to detect and respond to cyber threat actors while safeguarding assets from emerging threats through refinement of layered cyber security controls</li> </ul>
<p><b>Systems</b></p> <ul style="list-style-type: none"> <li>Completed annual IT and cyber business continuity management workshop, disaster recovery and tabletop exercises, to ensure timely recoverability of business-critical IT systems</li> <li>Implemented recommendations from assessments and exercises to further strengthen cyber resilience</li> <li>Engaged security service providers to conduct vulnerability assessments to provide external view of cyber risks that help strengthen our IT systems</li> </ul>



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detrimental effects on Keppel in multiple areas such as financial and operational performance, or reputation. As such, we stay abreast of changes to the applicable laws and regulations to assess any exposures or risks to Keppel effectively and expediently.

Significant regulatory risk areas, such as those relating to potential corruption, are proactively identified and surfaced to management, and where applicable, are further assessed by the Board. With respect to corruption, key risk areas include situations where external agents are appointed for business development.

We continually enhance our regulatory compliance policies and procedures to ensure that Keppel maintains a high level of compliance and ethical standards in the way we conduct business. We have zero tolerance for fraud, bribery, corruption and any violation of laws and regulations.

In 2023, we continued to refine and enhance our regulatory compliance programme, update processes, deepen employee understanding, and ensure that compliance awareness and principles are well embedded in all business activities. We also recognise the importance of sanctions risks owing to the escalation of trade and other sanctions in many countries. More details of our Compliance programme can be found on pages 118 to 120 of this report.

### FINANCIAL RISKS

#### Fraud, Misstatement of Financial Statements & Disclosures

We maintain a strong emphasis on ensuring that financial statements are accurate and presented fairly in accordance with applicable financial reporting standards and frameworks.

Regular external and internal audits are conducted to provide assurance on

the accuracy of the financial statements and adequacy of the internal control framework supporting the statements. Where required, we leverage the expertise of the external auditors in the interpretation of financial reporting standards and changes to existing or new reporting requirements. We also conduct regular training and education programmes to enhance the capabilities of our finance managers across Keppel.

Our system of internal controls is outlined in Keppel's System of Management Controls detailed in pages 94 to 95 of this report.

#### Financial Management

Financial risk management relates to Keppel's ability to meet financial obligations and mitigate credit, liquidity, currency and interest rate risks. Details can be found on pages 197 to 211 of this report. In these areas, policies, processes and financial authority limits are reviewed regularly to ensure their adequacy in mitigating risks and to incorporate changes to ensure they remain relevant to Keppel's operating environment.

We are focused on financial discipline and seek to deploy our capital to earn the best risk-adjusted returns for our shareholders, while maintaining a strong balance sheet to seize new opportunities.

In 2023, as global economies grappled with macroeconomic challenges, high interest rates and heightened geopolitical competitions, Keppel maintained a proactive approach to liquidity management and performed stress tests where necessary to assess our exposure to volatility in currency and rising interest rates, with mitigating actions taken where required.

Our financial management procedures include the evaluation of counterparties

and other related risks against pre-established internal guidelines. We conduct impact assessments and stress tests to gauge Keppel's potential financial exposure to changing market situations. This enables informed decision making and the implementation of prompt mitigating actions. We also regularly monitor our country risk exposure to ensure that our business as well as our portfolio of assets and investments are diversified against the systemic risks of operating in a specific geography.

#### Proactive Management of Risks

Effective risk management is dynamic and encompasses the evaluation of both risks and opportunities. We recognise the need to effectively manage risks as an inherent part of business operations to optimise returns. We take a business-centric approach to managing risks and aligning business activities with risk considerations, and discuss issues in an open and transparent manner, to enable us to pursue optimal risk-return initiatives.

Our risk framework and processes continually evolve to ensure that they stay effective and relevant. Across Keppel, we identify and review emerging risks at all levels throughout the year. Where relevant, these are escalated and discussed at various forums to determine any further actions and/or responses. We recognise that our systems and processes provide reasonable but not absolute assurance, and hence continuously look to adapt and improve to ensure that our ability to manage and respond to risks remains relevant and effective.

### EMERGING RISKS

#### Heightened Geopolitical Risks

Geopolitical risks have risen with the outbreak of conflict in the Middle East, the ensuing Russia-Ukraine war,

and heightened tensions among major powers, especially the US and China.

The recent military tensions and conflict could contribute to economic uncertainty and disrupt global supply chains and potentially destabilise the energy market and lead to higher cost of doing business. With Keppel's growing presence in Europe and investment in energy infrastructure, the escalation of any of these risks could be detrimental to Keppel.

In addition, with our exposure to China and the rest of Asia, the effects of the continued tension between US and China, together with sluggish economic recovery in China, also pose a significant risk to Keppel's business.

In view of the heightened geopolitical risks, we are monitoring global developments closely. We have also conducted a Keppel-wide scenario planning exercise to assess potential risks from several global macroeconomic, geopolitical and climate-related scenarios. The scenarios served to generate inputs for the Board and management when considering Keppel's strategy, while also identifying potential risks and opportunities. Playbooks with action plans have been developed to prepare for the possibility of any of the risk scenarios becoming a reality.

### **Generative AI Risks**

As Keppel continues its digitalisation journey as a key enabler to achieve our Vision 2030 goals, we are likely to make more use of AI and in particular Generative AI (GenAI) (e.g., chatbots) to drive productivity increase and growth, which would require Keppel to manage the potential associated risks. For example, misuse of GenAI can lead to reputational damage

and loss of customer trust, financial losses, regulatory penalties and litigation. Other risks include data security, intellectual property, privacy as well as sensitive/confidential data exposure.

To mitigate this emerging risk, Keppel has set up an internal AI forum to oversee the strategic direction and coordinate the progress on the adoption of GenAI across Keppel. In addition, a set of AI principles has been developed to provide guidance on the dos and don'ts to mitigate the risks. Keppel has established its set of AI Risk Management Guidelines by taking reference from Singapore's Infocomm Media Development Authority (IMDA)'s Model AI Governance Framework. The elements of the AI Risk Management Guidelines include internal governance, risk assessments, AI life cycle governance and stakeholder engagement. Risk assessment involves identifying the potential vulnerabilities that could compromise data security and confidentiality as well as assessing the impact on business operations if AI systems do not perform as intended.

### **Nature and Biodiversity**

There is growing recognition of the importance of understanding nature and biodiversity-related risks and their potential impacts on businesses and communities. At the United Nations Biodiversity Conference (COP 15) in December 2022, 196 countries agreed to the Kunming-Montreal Global Biodiversity Framework to halt and reverse nature loss by 2030. In September 2023, the Task Force on Nature-related Financial Disclosures (TNFD) published its final recommendations which provide a framework to help companies identify, assess, manage, and where appropriate,

disclose their nature-related risks and opportunities.

Keppel operates mainly in urban areas and most of our activities and assets have limited direct impact on nature. Nevertheless, continued deterioration of nature and biodiversity loss can have longer-term impacts on the communities that Keppel operates in, as well as Keppel's supply chains. Nature-related disclosures may increasingly be included in regulatory requirements, while stakeholders, including investors and customers, may also pay growing attention on how Keppel is managing its nature-related risks and opportunities.

Keppel's Environmental Sustainability Policy, which is available online, includes our commitment to practise good stewardship of the environment by protecting biodiversity and avoiding deforestation. We avoid disruption to sites containing critical biodiversity by applying the necessary mitigating measures when operating in or near such areas, and avoid deforestation as far as possible and where unavoidable, replanting trees to achieve net-zero deforestation.

Keppel has been monitoring and disclosing our carbon emissions, wastewater discharge, water withdrawal, and waste generation, which are included among TNFD's core global metrics. We will further study the recommendations of TNFD, including assessing their applicability to Keppel's business and how they can be implemented in an appropriate manner.

We will continue to monitor emerging regulatory requirements and international best practices regarding nature and biodiversity, and will further refine Keppel's policies accordingly.