

## Risk Management



### **We undertake only appropriate and well-considered risks aligned with established Risk Appetite Statements. Key risk indicators supporting these statements are monitored to track performance and provide early warnings.**

As a global asset manager and operator, we are committed to be a trusted partner to our stakeholders, delivering strong returns to our Limited Partners (LPs) and value to our customers and shareholders. We seek to manage our financial and operational risks appropriately to ensure that the Company remains in a strong position to raise and deploy third-party capital efficiently and deliver the targeted returns to our LPs.

Keppel adopts a balanced approach to risk management, optimising returns while safeguarding long-term

business sustainability and stakeholder value. Managing risks effectively is an integral part of the way in which we develop and execute our business strategies. It is grounded in our core values of Agile, Can Do and Trusted, and our belief that a balanced risk-reward methodology is the optimal approach for the achievement of Keppel's strategic goals and objectives. The framework takes reference from ISO 31000 Risk Management Guidelines.

The Board has overall responsibility for the governance of risk. Through the Board Risk Committee, the Board

guides management in formulating and implementing the risk management framework, policies and guidelines. The identification and day-to-day management of risks continues to rest with management who is responsible for the effective implementation of risk management strategies, policies and processes. The portfolio managers are responsible for maintaining levels of portfolio risk which are consistent with the representations made to the clients/investors and/or fund mandates particularly with regard to the risk tolerance and investment objectives.

**ENTERPRISE RISK FRAMEWORK**

The Board has set out the following three risk tolerance guiding principles<sup>1</sup>:

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.

The Enterprise Risk Management (ERM) Framework is aligned with Keppel’s business model and designed to be agile and dynamic, enabling Keppel to respond to ever-evolving economic environment, business demands, as well as to seize new opportunities as they arise.

The ERM Framework sets out the minimum governance requirements for the achievement of our strategic goals and objectives through the management of key risks. The diagram below summarises the key elements of the ERM Framework.

Risk Appetite Statements are formulated across the key financial and non-financial focus areas, taking into consideration the Board’s acceptable level of risk exposure as well as desired risk-reward trade-offs. To support these, Key Risk Indicators with defined thresholds/tolerances are established to ensure that Keppel operates within the prescribed risk appetite. Key Risk Indicators are monitored to track risk exposure and to provide early warning signals.

To identify macroeconomic risks that are both current and emerging, intelligence gathering through processes such as horizon scanning are performed. Deep-dive reviews of thematic risks are also performed together with the

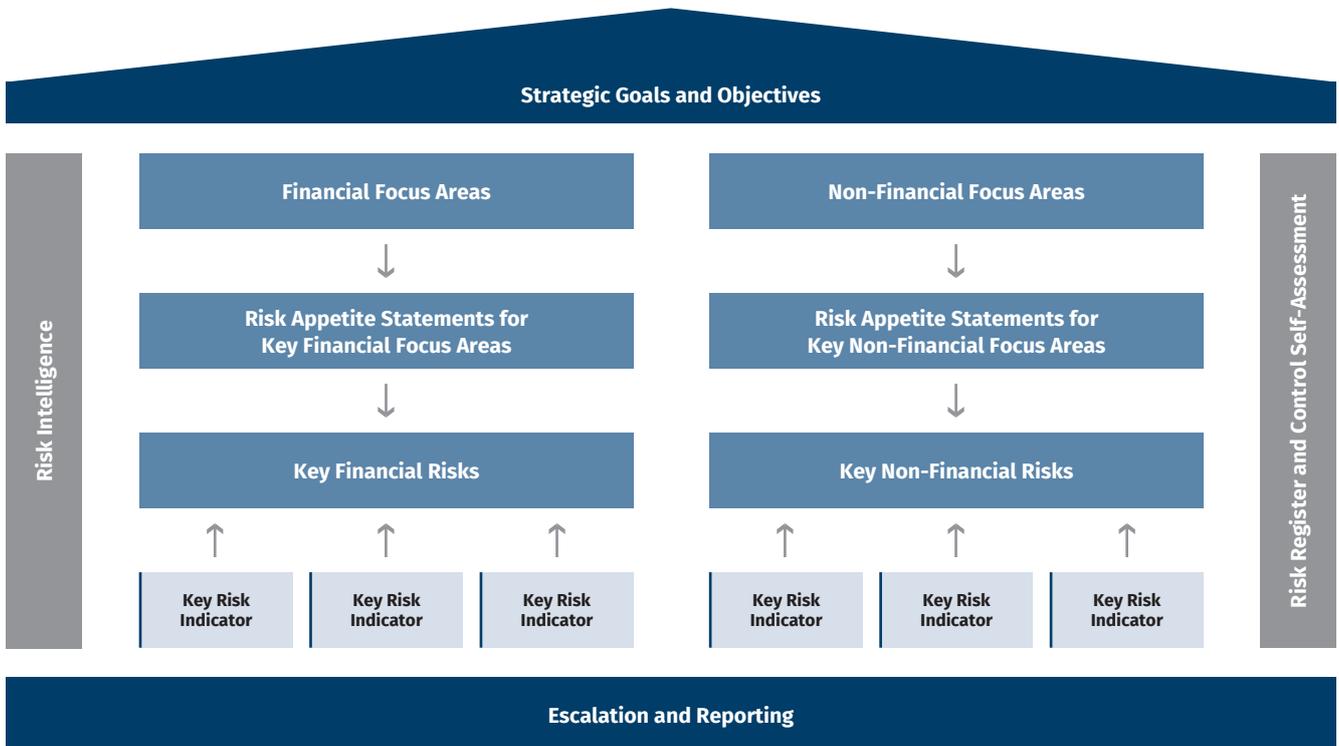
relevant risk owners. Where required, a further scenario analysis or stress testing is performed, and risk-mitigating actions will be developed as necessary.

Each key risk is assessed for impact and likelihood based on a set of defined impact and likelihood criteria, including, but are not limited to, financial and operational areas. The effectiveness of existing risk management measures is considered before determining the overall risk rating and prioritisation. A risk register and risk matrix are maintained to document the key risk areas, their corresponding risk levels, and associated mitigation measures.

The annual Control Self-Assessment programme assesses the effectiveness of the controls for key risks.

Exceptions – such as risks exceeding the set thresholds/tolerances, or where any key risk is trending – are escalated and reported to the Board Risk Committee and where relevant, to the Board.

**ENTERPRISE RISK MANAGEMENT FRAMEWORK**



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

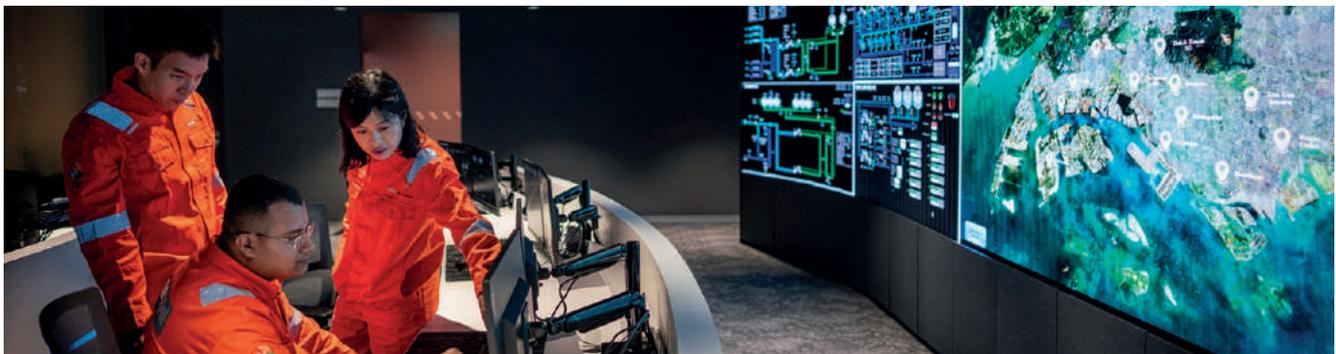
# Risk Management

## RISK-CENTRIC CULTURE

Having a risk-centric culture is key to effective risk management. The key elements of Keppel’s risk-centric culture are:

<p><b>Leadership &amp; Governance</b> Keppel’s Board and management set the tone at the top and encourage prudent risk taking in decision making.</p>	<p><b>Training, Competency &amp; Communications</b> Risk management is regularly reinforced as a discipline and developed through training, awareness and practice.</p>	<p><b>Framework</b> We are guided by the ERM Framework to manage effectively the risks and opportunities arising from our businesses.</p>	<p><b>Process &amp; Methods</b> A key part of the process is the identification and assessment of key risks, guided by our Risk Appetite Statements, and monitored through developed Key Risk Indicators.</p>
	<p><b>Transparency</b> We promote transparency in information-sharing and escalation of risk-related matters, incidents, near-misses or events of interest.</p>	<p><b>Ownership &amp; Accountability</b> Our risk processes provide clarity and accountability in executing our roles and responsibilities and emphasise having clear ownership of major risk areas.</p>	

### Risk-Centric Culture



The measures to mitigate key risks, both financial and non-financial, identified for FY 2025 are listed below.

### FINANCIAL RISKS

#### Financial and Funding Risks



We aim to deliver strong and sustainable financial results to meet stakeholder expectations and enhance shareholder value.

We aim to maintain sufficient liquidity and funding capability at preferential interest margins.

**We manage this risk by:**

- Reviewing the material variances on a continual basis, i.e., actual versus budget and actual versus prior year.
- Preparing the annual operating and capital budgets and having them approved by the appropriate approving authority according to the stipulated budget timeline. Each operating and capital expenditure is approved in accordance with the Financial Authorisation Limits.
- Conducting sensitivity analysis and stress tests to gauge the magnitude of Keppel’s potential financial exposure to changing market situations.
- Maintaining a mix of fixed and variable debt instruments with varying maturities.
- Actively managing the debt term-out profile, operating cash flows and availability of funding resources to ensure that all the financial obligations and funding needs are met.

» More details can be found in the **Financial Risk Management** section from pages 200 to 213 of this report.

#### Fund Management and Investment Risk



We aim to raise adequate capital for efficient deployment to ensure we preserve and enhance our funds’ track records in delivering consistent performance.

**We manage this risk by:**

- Maintaining a disciplined approach rooted in integrity and accountability, supported by transparent communication and a consistent track record of creating sustainable value and growth.
- Continuously expanding our investor base across established and emerging markets, reinforcing our commitment to strong governance and sustainable growth.
- Implementing active risk management strategies that consider market trends, economic developments, and global events to enable informed decision-making, including scenario analysis and stress-testing where necessary.
- Proactively adapting to regulatory changes and industry developments to navigate compliance challenges effectively.
- Continuously enhancing our data governance framework to improve accuracy, reliability and decision-making speed.

## NON-FINANCIAL RISKS

### Business & Asset Operations



We aim to ensure that there are minimal outages or disruptions which may adversely affect our operations in terms of financial performance, service level or customer satisfaction.

#### We manage this risk by:

- Establishing the Keppel Business Continuity Management Steering Committee which provides sponsorship, direction and guidance to ensure a state of constant readiness to respond.
- Establishing Keppel's Incident Reporting and Crisis Management operating standard as well as the Cyber Incident Response plan which provides guidance for dealing with potential crisis events or major incidents that impact important business processes.
- Conducting Tech Disruption as well as Business Continuity Exercises regularly to validate the effectiveness of the Business Continuity Plans (BCPs). Such BCPs enhance our operational readiness and resilience to potential business disruptions.
- Conducting cyber simulation exercises to enhance readiness and crisis decision-making during incidents and affirm effectiveness of existing controls and monitoring.
- Using a systematic risk assessment approach to identify, assess, manage and monitor project risks. Special attention is given to technical and high-value projects, including greenfield developments, the deployment of new technology and/or operations in new geographical locations.
- Monitoring the project execution status on a regular basis to proactively address any issues such as costs or schedule overruns.

### Compliance & Controls



Our policy is to comply with all applicable laws, regulations and fund mandates.

We adopt a zero-tolerance policy towards fraud, bribery and corruption.

#### We manage this risk by:

- Continuing to foster and enhance our compliance culture through compliance programmes and conducting regular trainings to ensure that Keppel maintains a high level of compliance and ethical standards in the way we conduct business.
- Staying updated with regulatory changes in countries where Keppel operates/invests in or looking to expand, to effectively assess any exposures or risks to Keppel, and surfacing to management and the Board (where applicable). Key risk areas include situations where external agents are appointed for business development.
- Regularly monitoring investment activities and strategies to ensure compliance with regulations and/or investment parameters of fund/investment mandates, including any internal approvals by relevant investment committees/advisory board.
- Periodic reporting of portfolio performance and strategy updates (investor reporting) to further build investor confidence, fund manager accountability and market confidence.
- Conducting regular external and internal audits to provide assurance on the accuracy of the financial statements and adequacy of the internal control framework supporting the statements.
- Continuing to operate within Keppel's System of Management Controls, comprising the Three-Lines Model, to ensure the adequacy and effectiveness of our internal controls and risk management.

### Human Capital



We are committed to attract, develop and retain talent to drive us as a leading global asset manager and operator.

#### We manage this risk by:

- Creating a compelling and attractive work culture and environment that celebrates diversity, promotes inclusion and championing ourselves as an employer of choice.
- Building an inspiring and empathetic leadership culture to motivate staff engagement.
- Enhancing succession planning strategies, building bench strength capabilities, as well as acquiring new organisational capabilities in line with our business objectives.
- Leveraging internal and external training programmes to augment our employees' skillsets, which includes nurturing employees and maintaining good industrial relations.

### Health, Safety & Environment (HSE)



We do not condone safety breaches or lapses in all sites where Keppel operates.

#### We manage this risk by:

- Continuing to foster a strong and proactive HSE culture through various ongoing initiatives, such as regular safety training for employees, festive safety stand-downs, three months look-ahead for high-risk activities, annual Global Safety Time-Out, Keppel Safety Convention, HSE CEO Roundtable and encouraging employees to actively participate in identifying and reporting any potential safety hazards.
- Refreshing and launching HIRA+ which is a streamlined and targeted approach to manage high-impact risk activities by sharpening frontline engagement.
- Continuing to uphold our dedication to environmental stewardship by closely monitoring Keppel sites globally to ensure adherence to relevant local and international environmental regulations.
- Continuing to leverage technology to improve workplace safety and health, including the implementation of an electronic Permit-to-Work system for active identification, monitoring, and coordination of work activities, as well as offering defensive driving instruction to in-house drivers supported by digital diagnostic evaluations.
- In 2025, Keppel won two Workplace Safety and Health Awards for exemplary safety performance and implementation of robust HSE management systems.

## NON-FINANCIAL RISKS

## Climate Change



We will meet all applicable regulatory requirements and aim to be among the sustainability leaders in Singapore, while limiting Keppel's exposure to risks associated with climate change.

**We manage this risk by:**

- Establishing the Board Sustainability and Safety Committee (BSSC) to review the processes for identifying, assessing, and managing climate-related risks and opportunities, and related reporting aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). 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.
- Conducting periodic scenario analyses of climate-related physical and transition risks on key assets to evaluate the potential likelihood and magnitude of the impact of these risks on Keppel. Since 2020, a series of quantitative and qualitative climate risk assessments and scenario analyses have been conducted, to identify and assess the physical and transition risks that are relevant to our business, as well as the impacts that climate risks may have on Keppel over the short, medium and long term, across different climate scenarios.
- A quantitative scenario analysis was conducted in 2023, which identified extreme water level, extreme temperature and extreme precipitation as the top three physical risks faced by 19 key assets located in Singapore, China, Vietnam, Indonesia and India<sup>2</sup>.
- A qualitative scenario analysis of climate-related transition risks and opportunities was conducted in 2022, followed by a quantitative analysis in 2023–2024, focusing on the more quantifiable risks and opportunities, namely the impact of carbon taxes on power generation assets and other assets subject to carbon taxes, and the indirect impact of the rising price of electricity over time in key markets where Keppel operates<sup>3</sup>.
- To respond to such transition risks, Keppel is undertaking measures such as including climate-related considerations in investment decisions, improving the energy efficiency of Keppel's assets, considering the impact of rising carbon taxes and electricity prices in the relevant business contracts and seizing climate-related opportunities by providing solutions to help customers reduce or avoid carbon emissions.

» More details will be provided in our Sustainability Report 2025.

## Information Technology and Cyber Risks



We aim to control information systems technology risks to ensure that incidents do not cause material harm, business disruption, financial loss or reputational damage.

We are committed to protect our data and systems by adopting best practices in cybersecurity.

**We manage this risk by:**

- Establishing the Digital Transformation Steering Committee to offer strategic direction and support a cohesive technology vision, initiatives and policies throughout Keppel.
- Establishing the Keppel Cyber Security Steering Committee which defines strategy and provides oversight on cybersecurity risks in Keppel.
- Conducting regular reviews of Keppel's Technology Governance Framework as well as associated technology and cybersecurity policies and standards to support effective management of emerging cyber and technology risks.
- Conducting regular reviews of Keppel's Data Governance Framework to create consistent and proper management of Keppel's data assets.
- Establishing the Architecture Review Board to ensure alignment to business and design framework.
- Proactively monitoring the evolving cybersecurity threat landscape to manage risks and safeguard Keppel's information and technology assets against potential incidents.
- Conducting routine vulnerability assessments and penetration testing to evaluate our controls and strengthen Keppel's IT and cyber security.
- Continuing to strengthen our ability to detect and respond to advanced cyber threats while safeguarding assets through refinement of layered cybersecurity controls in the ever-evolving threat landscape.
- Appointing Business Information Security Officer as the cybersecurity business partner for the respective platforms and divisions to work closely with their management to strengthen cyber risk management and build cyber resiliency.
- Conducting training and assessment exercises through the year to inculcate a cyber awareness and safety culture.
- Performing independent external audits as well as internal audits regularly on Keppel's IT policies, IT infrastructure and information security management systems to help assess the adequacy and effectiveness of our control measures.
- Conducting annual disaster recovery drills and facilitating tabletop exercises to ensure timely and effective restoration of business-critical IT systems in the event of disruptions as part of business continuity.
- Having an escalation process for employees to report cyber incidents, vulnerabilities or suspicious activities to Keppel Cyber Security Centre led by the Managing Director and Head of Cyber Security, which will ultimately escalate matters to senior management and the Crisis Management Team as appropriate, depending on the issue severity.
- Maintaining a strong information system security posture; there were no breaches of information security during the year.

<sup>1</sup> Following the publication of the inaugural ISSB Standards – IFRS S1 and IFRS S2 – the IFRS Foundation has taken over the monitoring of the progress on companies' climate-related disclosures from TCFD.

<sup>2</sup> The analysis was done across three climate scenarios of Shared Socioeconomic Pathways (SSP) 1-2.6, SSP2-4.5 and SSP5-8.5, over the time periods of 2030, 2050 and 2070. The majority of the assets were deemed to have high vulnerability to climate-related physical risks.

<sup>3</sup> The analysis was done across three climate scenarios of Shared Socioeconomic Pathway (SSP) 2, SSP3 and the International Energy Agency's Net Zero Emissions Scenario, and over two time periods of 2030 and 2050.

## Proactive Management of Risks

Effective risk management is dynamic and encompasses the evaluation of both risks and opportunities. Our ERM Framework enables us to respond to the ever-evolving economic environment, business demands and allows us to seize new opportunities as they arise. Our forward-looking risk-sensing approach as well as deep-dive reviews of thematic risks allow us to identify emerging risks and be able to put in place mitigating actions early. Emerging risks, where required, are escalated and reported to the Board Risk Committee and where relevant, to the Board.

The emerging risks identified are:

Political Tensions and Uncertainties	
 <p>Escalating US-China tensions, prolonged conflicts in Eastern Europe, and instability in the Middle East and South America continue to reshape global trade and investment flows, and intensified global uncertainties. As a global asset manager and operator, Keppel is exposed to these risks.</p>	<p><b>We manage this risk in the following ways:</b></p> <ul style="list-style-type: none"> <li>Actively monitor geopolitical developments to identify shifts in trade, growth, and innovation in our key markets and formulate pre-emptive strategies accordingly.</li> <li>Maintain strong engagement with local authorities to stay informed of potential regulatory and policy changes.</li> <li>Perform scenario analysis and stress testing to evaluate how adverse market conditions could affect our investment portfolio.</li> </ul>
Generative AI (GenAI)	
 <p>Artificial Intelligence (AI), including GenAI is a core enabler of our digitalisation journey and supports the achievement of our Vision 2030 goals.</p>	<p><b>We manage this risk in the following ways:</b></p> <ul style="list-style-type: none"> <li>Keppel's internal AI Forum provides Group-level oversight of AI strategy and adoption, ensuring alignment with business priorities and risk appetite.</li> <li>Keppel has implemented Group AI Policy supported by AI Principles that promote responsible use of AI, including data privacy, cybersecurity, transparency, bias mitigation and continued human oversight. Programmes on responsible AI include limiting access to sensitive AI capabilities; distinct labelling of AI-generated content and outcomes of AI-driven decisions; mechanisms to detect and correct drift or degradation of AI models over time; regular assessments of deployed AI models for fairness/bias; initiatives to lower the ecological footprint of AI data centres/models; quantification of the impact of AI initiatives/tools on sustainability outcomes; and training of employees on the ethical use and/or security of AI.</li> <li>AI Risk Management Guidelines, aligned with recognised frameworks such as Singapore's Infocomm Media Development Authority Model AI Governance Framework and relevant EU AI Act principles, guide internal governance, risk assessments, and regulatory compliance.</li> <li>All AI tools proposed for production use are subject to internal control reviews to assess data security, confidentiality, and potential business impact.</li> <li>Keppel has established an AI transformation roadmap to scale AI consistently and responsibly. A key component is the development of Keppel's AI platform as a proprietary platform that enables standardisation, governance-by-design, and efficient scaling of AI solutions across the Group.</li> </ul>
 <p>AI is increasingly embedded across Keppel to enhance productivity, accelerate decision making and strengthen execution.</p>	
 <p>The use of AI and GenAI introduces potential risks, including cyber security and data privacy breaches, regulatory non-compliance, reputational damage, bias, and the loss or misuse of intellectual property or confidential information.</p>	
Nature & Biodiversity	
 <p>Growing recognition of the importance of understanding nature and biodiversity-related risks and their potential impacts on businesses and communities.</p>	<p><b>We manage this risk in the following ways:</b></p> <ul style="list-style-type: none"> <li>The recommendations of the Task Force on Nature-related Financial Disclosures (TNFD) provide a framework to help companies identify, assess, manage, and where appropriate, disclose their nature-related risks and opportunities.</li> <li>In 2024–2025, Keppel conducted an analysis of Keppel's nature and biodiversity impacts and dependencies, taking reference from the recommendations of TNFD.</li> <li>Keppel's Environmental Sustainability Policy, available online, includes our commitment to practise good stewardship of the environment by protecting biodiversity and avoiding deforestation.</li> <li>We conduct Environmental Impact Assessments for major developments to determine and mitigate their potential impact on the environment. In 2025, Keppel conducted an Environmental Impact Analysis for our floating data centre project.</li> <li>Keppel has also been monitoring and disclosing our carbon emissions, effluents, water withdrawal, and waste generation, which are among TNFD's core global metrics. We will continue to monitor emerging regulatory requirements and international best practices regarding nature and biodiversity, and further refine Keppel's policies and disclosures over time.</li> </ul>
 <p>Nature-related disclosures may increasingly be included in regulatory requirements, while stakeholders may also pay growing attention to Keppel's disclosures.</p>	
 <p>Keppel operates mainly in urban areas and most of our activities and assets have limited direct impact on nature.</p>	

## Beyond Regulatory Compliance



### **As a global asset manager and operator, we take a holistic approach to compliance, focusing on both regulatory and investment aspects.**

As a global asset manager and operator, we take a holistic approach that goes beyond just regulatory compliance. It is critical to ensure our Fund Management and Investment (FM&I) platforms and asset management vehicles comply with the applicable laws, regulations and licensing conditions in the various jurisdictions where we operate, including Singapore. In addition, we place a strong emphasis on the investment compliance across our FM&I platforms and asset management vehicles to ensure alignment with regulatory requirements and investor expectations.

It is essential that our FM&I platforms operate in line with their respective fund mandates, which includes investment limits, restrictions, and governance parameters. This ensures that our funds deliver on

their stated objectives and create value for investors while meeting regulatory standards.

Being trusted is one of Keppel's core values and we expect our employees to carry out their duties and responsibilities in an ethical manner and in compliance with applicable laws and regulations in the countries where Keppel conducts its business. We strive to be a reliable partner to investors, customers and stakeholders.

We are clear with our strong tone on compliance which is consistently emphasised by the Board and management and across Keppel. We do not tolerate fraud, bribery, corruption or any violation of laws and regulations. We strive to deliver outstanding performance, whilst maintaining the highest ethical standards in line with applicable laws and regulations.