



2021 NEW YEAR MESSAGE FROM THE CEO

DEAR KEPPELITES,

2020 was a tumultuous year, with the COVID-19 pandemic causing immense suffering and battering the global economy. COVID-19 also accelerated many trends which were already in motion, such as digitalisation and e-commerce.

As we enter 2021, progress in vaccine development and distribution give hope that the end of the pandemic may be in sight. However, it is too early to celebrate or let our guard down, as COVID-19 continues to spread internationally, with many countries hit by second or third waves. We must continue to rigorously observe safe management and safe distancing measures, both in and outside the workplace.

2020 was also a period of rapid innovation and experimentation, as organisations around the world responded to COVID-19 and different measures to contain its spread. Keppel is fortunate to have embarked on our digitalisation journey a few years ago, allowing us to transit quickly to working from home, or from almost anywhere. I would like to thank all Keppelites for your hard work and agility as we adjusted to new ways of working. Special thanks go in particular to the operational and frontline staff at our plants, yards, data centres, warehouses and other locations, who continued delivering essential services throughout the pandemic.

In turbulent times, the diversity of Keppel's business bolsters our resilience. For the first nine months of 2020, all key business units, other than Keppel Offshore & Marine (Keppel O&M), remained profitable. However, we were loss-making as a Group, due to the significant impairments recorded in the second quarter, mainly in the offshore & marine business, which has been severely affected by COVID-19 and the fall in oil prices.

In December, TIME Magazine's cover dramatically depicted 2020 as "the worst year ever". It was, indeed, a very difficult year for governments and companies the world over. But for Keppel, it was also an important year of transformation and new beginnings.

VISION 2030

In May 2020, against the backdrop of Temasek's voluntary pre-conditional partial offer, which was subsequently withdrawn, we unveiled Keppel's Vision 2030 - our long-term vision to guide the Group's strategy and transformation as one integrated business, providing solutions for sustainable urbanisation. It is the culmination of a year-long process which started from early 2019, when we invited close to 30 younger business leaders to re-imagine the future Keppel, and chart our growth trajectory. From a conglomerate of unrelated parts, we plan to focus our portfolio on four key business areas, namely energy & environment, urban development, connectivity and asset management - all part of a connected value chain.

In September 2020, we announced further steps in our Vision 2030 roadmap. As part of our asset light business model, we identified a group of assets valued at \$17.5 billion (based on our balance sheet on 30 June 2020) that can be monetised over time. Since the beginning of October, we have announced divestments of more than \$1.2 billion, well on our way to our target asset monetisation programme of \$3-5 billion over the next three years.

We also announced the strategic review of the offshore & marine business, including organic and inorganic options, which is ongoing. I will provide further updates at the full year results briefing later this month. Given the global energy transition and severe challenges facing the sector, it is clear that business as usual is not an option.

To drive the execution of Vision 2030, we established a Transformation Office and introduced a 100-day plan, to invigorate Keppelites with the excitement and urgency of a Day 1 company.

Going forward, we will increasingly adopt an asset-light approach across our businesses, and tap third party co-investments for growth, allowing us to not only use our balance sheet more efficiently, but also earn multiple income streams across the life cycles of the assets that we develop, operate and manage. In 2020, Keppel Capital raised close to \$4.5 billion, including commitments from large global institutional investors, reflecting the strong demand for real assets with cash flow which can serve as long-term inflationary hedges. Investors are also drawn to Keppel's business strategy centred on sustainability and our technical capabilities in developing and operating such assets.

Technology will be a key enabler in the realisation of Vision 2030. M1's winning of a 5G network licence is a key highlight of 2020, as we continue M1's transformation into a digital connectivity platform. 5G's low latency and network slicing will open up a wide range of applications that will transform how we live, work, learn and play. M1 is currently collaborating with other Keppel business units to enhance our suite of urbanisation solutions, including smart townships and yards of the future. In the Urban Development business, we are also deploying proptech solutions across our portfolio, and digitalising our operations to improve productivity, gain useful data insights, and provide better value propositions and service to our customers.



✓ Clockwise (from top left)

Keppel is seizing opportunities in renewables

Keppel Bay Tower has been certified Singapore's first Green Mark Platinum (Zero Energy) commercial building

Keppel Marina East Desalination Plant is contributing to water security

MAKING SUSTAINABILITY OUR BUSINESS

Sustainability will be at the core of our strategy. For Keppel, this goes beyond reducing carbon emissions or the environmental impact of our operations. We believe in making sustainability our business, by developing solutions that contribute to combating climate change and building a cleaner and greener world.

We have a strong track record in providing sustainable urbanisation solutions, whether it is developing eco-friendly townships such as the Sino-Singapore Tianjin Eco-City, providing waste to energy solutions, or developing and operating the iconic Keppel Marina East Desalination Plant, which commenced operations in June 2020. Over the past few years, Keppel O&M, traditionally a world leader in rig-building, has pivoted towards renewables and cleaner fossil fuels such as LNG. Renewables and LNG solutions accounted for about 65% of its approximately \$1 billion of new orders during the year. We expect this transition to cleaner solutions to gain even more momentum going forward.

We are also tapping our engineering nous to explore greener solutions such as floating data centres, which are more energy efficient than land-based ones. To work towards decarbonising data centre operations, we are collaborating with partners to study hydrogen infrastructure for power generation and cooling, as well as the development of carbon capture, utilisation and sequestration systems.

In December, we announced the planned development of a 500MW solar farm in Australia. We will continue to explore opportunities as a developer and operator of renewable energy assets, with the goal of growing our renewable energy portfolio to 7GW by 2030. In line with the Group's business model, we can also harness platforms such as the Keppel Asia Infrastructure Fund to finance such projects.

Last month, Keppel Bay Tower, where Keppel Corporation is headquartered, was certified by the Building and Construction Authority (BCA) as Singapore's first Green Mark Platinum (Zero Energy) commercial building. Since the end of 2018, Keppel's corporate HQ has been powered by renewable energy. In addition, we will acquire carbon credits to offset Scope 3 emissions from business travel and employee commuting, thus allowing our corporate office to achieve carbon neutrality for the whole of 2020.

We are also committed to the G in ESG (environmental, social and governance issues). Last week, we announced that Keppel O&M has complied with and successfully concluded the Deferred Prosecution Agreement which it had entered into with the US Department of Justice three years ago, bringing closure to a painful chapter in Keppel's history. Reflecting Keppel's zero tolerance for corruption, we have continued to enhance our compliance measures, including rolling out the ISO 37001 Anti-Bribery Management System across business units. Beyond Keppel O&M, which had achieved global certification in 2019, the Singapore entities of both Keppel Land and Keppel Data Centres also achieved ISO 37001 certification in 2020.

PEOPLE FOCUS

The best of plans can only be implemented by a committed and effective workforce. I am glad to see that notwithstanding the challenging external environment, Keppelites remain highly engaged. In the 2020 Employee Engagement Survey, we achieved an engagement score of 87%, significantly higher than Mercer's global average of 80%. As part of the Group's succession planning and talent development, we have announced leadership renewal in a few key business units, which will take effect from 15 February 2021. These next generation leaders are part of the team that formulated Vision 2030 and will collaborate with the rest of the Group to realise our vision.

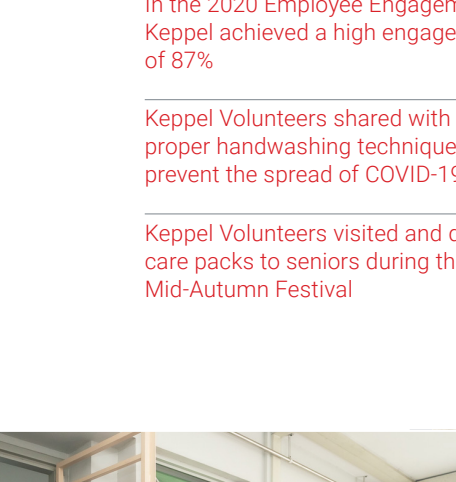
Keppel believes in contributing to the community, in good times or challenging ones. Standing together with the international community, we committed over \$5 million to the fight against COVID-19, in Singapore and overseas. I am touched by the generous voluntary contributions from directors and staff to these efforts. Beyond responding to COVID-19, we also continued to care for the underprivileged and support environmental conservation. Through Keppel Care Foundation, we made a \$2 million donation to Singapore's National Kidney Foundation to open the first dialysis centre in Singapore which is co-located within a hospital compound. We also supported nature-based solutions to combat climate change with the commitment to plant 10,000 trees in Singapore over five years, in support of the National Parks Board's One Million Trees Movement.

✓ Clockwise (from top)

In the 2020 Employee Engagement Survey, Keppel achieved a high engagement score of 87%

Keppel Volunteers shared with children proper handwashing techniques to help prevent the spread of COVID-19

Keppel Volunteers visited and distributed care packs to seniors during the Mid-Autumn Festival



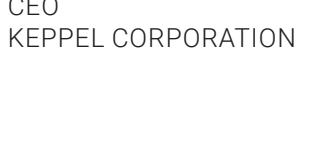
FUTURE READY

Many believe that 2021 will be a much better year for the international economy, spurred by a vaccine-led recovery. Others caution that the recovery may be uneven and dampened by the withdrawal of government stimulus packages. I will not speculate about when and how exactly the recovery will play out. The priority for Keppel is to ensure that we are well-prepared for different scenarios that may unfold, and have the necessary resources to seize opportunities that may arise.

I am cautiously optimistic about the year ahead, underpinned by the strength of Keppel's businesses, our strong financial standing, the clarity of our vision, and the Can Do spirit and resilience of Keppelites, which have allowed us to ride out many crises in the past and emerge stronger. I would like to express my deep appreciation to Keppelites for your contributions in the past year, as we battled COVID-19 and the global economic downturn together. Let us continue to charge ahead towards Vision 2030, creating value and building a sustainable future for all our stakeholders.

I wish you and your loved ones a happy and healthy 2021.

Yours sincerely,



LOH CHIN HUA
CEO
KEPPEL CORPORATION