

ASPIRE

Tomorrow Begins Today

Sustainability
Report 2014

ASPIRE

Tomorrow Begins Today

We aim to become a leading global company, respected for innovative solutions in our businesses and for touching lives wherever we operate. In doing so, we create sustainable value for all our stakeholders as we continually improve on our operating efficiency and resource stewardship.

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Key Thrusts

SUSTAINING GROWTH

Our commitment to business excellence is driven by our unwavering focus on strong corporate governance and prudent risk management.

Resource efficiency is our responsibility and makes good business sense.

Innovation and delivering quality products and services sharpen our competitive edge.

EMPOWERING LIVES

People are the cornerstone of our businesses.

As an employer of choice, we are committed to grow and nurture our talent pool through continuous training and development to help our people reach their full potential.

We want to instill a culture of safety so that everyone who comes to work goes home safe.

NURTURING COMMUNITIES

As a global citizen, Keppel believes that as communities thrive, we thrive. We give back to communities wherever we operate through our multi-faceted approach towards sustainability.

As leaders in our businesses, we support industry programmes and initiatives, and encourage open dialogue to promote growth.

VISION

A global company at the forefront of our chosen industries, shaping the future for the benefit of all our stakeholders – Sustaining Growth, Empowering Lives and Nurturing Communities.

MISSION

Guided by our operating principles and core values, we will execute our businesses in Offshore & Marine, Property, Infrastructure and Investments profitably, safely and responsibly.

OPERATING PRINCIPLES

- 1 Best value propositions to customers.
- 2 Tapping and developing best talents from our global workforce.
- 3 Cultivating a spirit of innovation and enterprise.
- 4 Executing our projects well.
- 5 Being financially disciplined to earn best risk-adjusted returns.
- 6 Clarity of focus and operating within our core competence.
- 7 Being prepared for the future.

Letter to Our Stakeholders

Dear Valued Stakeholders,

Global momentum is gathering for both public and private sectors to address pressing challenges such as urbanisation and climate change. In November 2015, the 21st session of the Conference of the Parties (COP 21) to the United Nations Framework Convention on Climate Change will convene with the objective of reaching a universal, legally binding agreement to combat climate change effectively.

In Singapore, the government unveiled the renewed Sustainable Singapore Blueprint 2015. The bold national vision for a more liveable future includes initiatives to diversify energy options, drive green building innovation and increase waste incineration capacity.

Giving listed companies an impetus to disclose their environmental and social performance, the Singapore Exchange announced its intention to make sustainability reporting mandatory and has embarked on a consultation exercise to generate a new listing rule and review existing guidelines.

Indeed, businesses have an important role to play in tackling these challenges by viewing them as opportunities to make a positive impact. Through our key businesses in Offshore & Marine, Infrastructure and Property, Keppel provides sustainable solutions to meet the world's needs for energy, homes, connectivity and a clean environment. Recognising that our long-term success hinges on the welfare of our environment and communities, we embrace sustainability as a guiding principle both on strategic and operational levels.

OUR PERFORMANCE

Innovation is our lifeblood and we will continue to drive innovation in our systems and processes to enhance solutions with increased safety and environmental performance. To ensure our operations uphold internationally-recognised standards of product quality, environmental protection and occupational health and safety, our key business units are certified to ISO 9001, ISO 14001 and OHSAS 18001 standards.

As a conglomerate operating in 30 countries, Keppel is exposed to diverse risks. We have dedicated teams to monitor health, safety and environmental risks, and are guided by our robust risk management framework and internal controls which prohibit bribery and corruption to uphold the highest standards of corporate governance and employee conduct.

We are implementing our carbon management strategy through initiatives to improve energy consumption monitoring, optimise operational efficiencies, increase adoption of energy-efficient technologies, explore alternative energy sources and instil environmental consciousness. We are closely watching COP 21-related developments, as our targeted 16% improvement in our Greenhouse Gas intensity indicator from 2020 business-as-usual levels is contingent on a legally binding global agreement.

Ensuring a safe workplace for our workforce is of utmost importance to us. We regret that despite our best efforts, we suffered four fatalities globally in 2014. We are deeply saddened by the loss of our colleagues and friends. Alongside conducting thorough investigations to identify the root causes of the incidents and implement preventive measures, we reviewed our existing control measures to prevent recurrences. As an organisation, we remain committed to a safe workplace with zero fatalities.

We are committed to be an ethical employer. Our Corporate Statement on Human Rights articulates our respect for the fundamental principles set out in the United Nations Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Continuing our emphasis on people development, we invested \$14.2 million in our employees' training and development in 2014.

Across our operations worldwide, our employees volunteer to give back to communities where we operate. In 2014, Keppel contributed almost \$6 million



towards social investments in education, care for the underprivileged, arts and sports, community development, healthcare and environmental initiatives.

ENGAGING STAKEHOLDERS

We extended our latest materiality analysis in late 2014 from the corporate level to include various business units. This deeper insight allows us to review our sustainability strategy more incisively, along with guiding our transition to Global Reporting Initiative G4.0 guidelines next year to ensure a high level of accountability in our communications with stakeholders. For this report, we have incorporated findings where possible to do so retrospectively. To ensure that our report is balanced and relevant to our stakeholders, we have continued to seek external assurance for it.

I hope this report continues to serve as a platform for engagement and accountability. We will continue to further strengthen our sustainability efforts for the benefit of all our stakeholders.

LOH CHIN HUA
CHIEF EXECUTIVE OFFICER

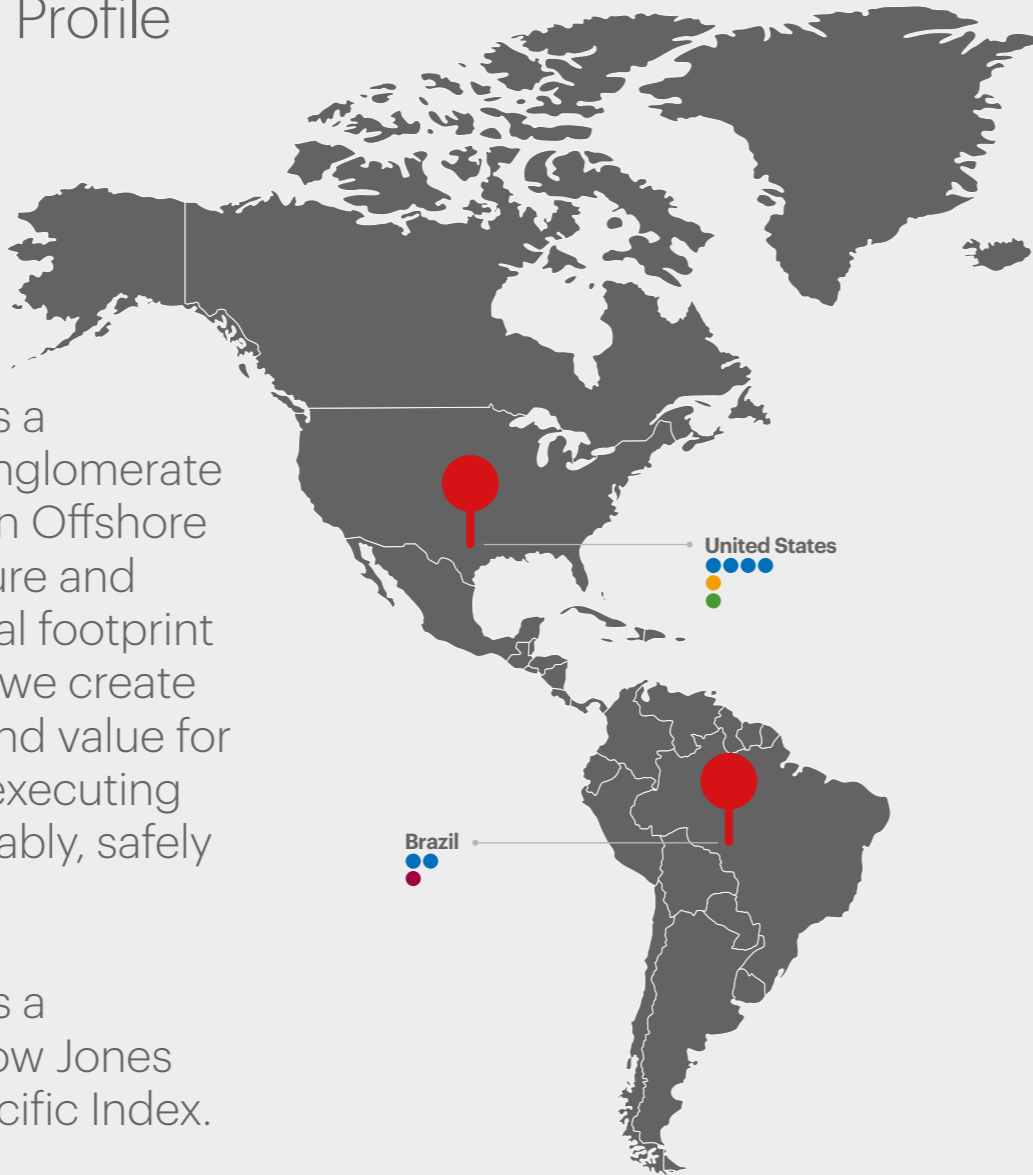
28 May 2015

Corporate Profile

- Offshore & Marine ●
- Infrastructure ●
- Property ●
- Investment ●

Keppel Corporation is a Singapore-grown conglomerate with key businesses in Offshore & Marine, Infrastructure and Property. With a global footprint in over 30 countries, we create sustainable growth and value for our stakeholders by executing our businesses profitably, safely and responsibly.

Keppel Corporation is a component of the Dow Jones Sustainability Asia Pacific Index.



Keppel Offshore & Marine (Keppel O&M) is a global leader in offshore rig design, construction and repair, ship repair and conversion, and specialised shipbuilding. Driven by a *Near Market, Near Customer* strategy, Keppel O&M harnesses the synergy of its 20 yards worldwide. By continually strengthening its capabilities, Keppel O&M has the agility to take on a wider variety of projects while improving efficiency and safety.

Keppel O&M is a member of World Ocean Council and Association of Singapore Marine Industries, and a partner of Institute of Marine Engineering, Science & Technology. Its key executives and staff are members of professional bodies including Singapore Maritime Foundation, Institution of Engineers Singapore and Royal Institution of Naval Architects.

Keppel O&M played a key role in setting up National University of Singapore's (NUS) Centre for Offshore, Research and Engineering, Keppel-NUS Corporate Laboratory, Maritime Training Centre at ITE College Central and Energy Research Institute @ Nanyang Technological University.



Keppel's Infrastructure Division grows its robust portfolio of power and gas, environmental engineering, and logistics and data centre businesses. Keppel Infrastructure drives the Group's strategy to invest in, own and operate competitive energy and infrastructure solutions and services. Its subsidiaries are members of the Waste Management and

Recycling Association of Singapore, Singapore Water Association and Sustainable Energy Association of Singapore.

Keppel Infrastructure Trust provides opportunities to invest in energy and environmental infrastructure assets through the Singapore Exchange.

Keppel Telecommunications & Transportation, a leading service provider of logistics and data centres in the Asia Pacific and Europe, is a member of Singapore Business Federation, Singapore Logistics Association and Singapore Infocomm Technology Federation.



Keppel Land is recognised for its sterling portfolio of award-winning residential developments and investment-grade commercial properties as well as high standards of corporate governance and transparency.

Keppel Land is a component of the Dow Jones Sustainability World and Asia Pacific Indices, MSCI Global Sustainability and Socially Responsible Indices,

FTSE ST Real Estate Index, FTSE ST China Top Index, FTSE All-World Index, FTSE Asia Pacific ex-Japan Index, FTSE EPRA/NAREIT Global Real Estate Index and EPRA/NAREIT Index.

Keppel Land is a founding member of World Green Building Council Corporate Advisory Board and Singapore Green Business Alliance, a board member of Singapore Green Building Council and a partner of the Building & Construction Authority's Green Buildings Innovation Cluster.

KEPPEL GROUP'S SUSTAINABILITY MANAGEMENT STRUCTURE



MANAGING SUSTAINABILITY

Sustainability issues are managed and communicated at all levels of the Group. The Group Sustainability Steering Committee sets our sustainability strategy and leads our performance in key focus areas.

Comprising senior management from across the Keppel Group, the Steering Committee is chaired by Mr Loh Chin Hua, Chief Executive Officer (CEO) and an Executive Director of Keppel Corporation.

Supporting the Steering Committee is the Working Committee, chaired by Ms Wang Look Fung, Director of Group Corporate Affairs at Keppel Corporation. The Working Committee comprises functional committees which oversee, execute and report the Group's strategic efforts across the material aspects of Economic Performance, Corporate Governance, Environmental Performance, Product Excellence, Safety & Health, Labour Practices & Human Rights and Community Development.

The Steering and Working Committees are supported by the Secretariat, sited in Group Corporate

Communications, and Group Internal Audit, which facilitates reporting and advises on performance issues.

All our employees are guided by our eight core values and Employee Code of Conduct, which addresses standards of acceptable and unacceptable behaviour and personal decorum, as well as ethical business behaviour.

To enhance the data collection process and improve data integrity, we completed the Group-wide roll-out of a web-hosted integrated sustainability reporting platform in 2014.

ABOUT THIS REPORT

This report focuses on the sustainability strategy and practices of Keppel Corporation and its subsidiaries, namely the environmental, social and governance aspects of our business operations.

This report provides an overview of our approach, priorities, targets and performance reviews in key areas. The report content was defined by

identifying and prioritising material issues through materiality analysis and stakeholder engagement exercises (please refer to pages 8 to 10).

We printed limited copies of this report to minimise environmental impact. A PDF version is available at www.kepcorp.com.

Our stakeholders are advised to read Keppel Corporation's Report to Shareholders 2014, available at www.kepcorp.com/annualreport2014/, for a complete view of the Group's businesses, strategy, performance and prospects.

REPORT BOUNDARY

As a guide, this report covers global operations and all subsidiaries for which the Group has management control, unless otherwise indicated. The reporting boundary for financial data is the same as that of Keppel Corporation's Report to Shareholders 2014. The exact reporting boundaries for Environmental Performance, Product Excellence, Safety & Health and Labour Practices & Human Rights differ. Business entities included within the respective boundaries contribute materially to overall Group performance data.

The Company has 243 significant subsidiaries and associated companies as at 31 December 2014. Information pertaining to them is published on pages 205 to 215 of Keppel Corporation's Report to Shareholders 2014.

REPORTING PERIOD & STANDARDS

This report covers the same period as the financial year of the Company (January to December 2014). Where possible, we shared three-year historical information to provide a meaningful basis for comparison. This report is published annually.

This report was prepared according to the Global Reporting Initiative (GRI) G3.1 guidelines and Singapore Exchange's Guide to Sustainability Reporting for Listed Companies.

The GRI Application Level service icon confirms that a sustainability report has the required set and number of disclosures to meet the organisation's self-declared Application Level ('B+' for this report). Please refer to page 72 for the icon.

We used standard units of measurement in this report. Conversion factors may be found in the relevant sections. All dollar values expressed are Singapore dollars.

INDEPENDENT ASSURANCE

Keppel Corporation appointed an independent third party, DNV GL, to provide assurance on this report.

The content was reviewed and the accuracy and reliability of the statements were validated in accordance with the DNV GL "Protocol for Verification of Sustainability Reporting". Principles and concepts in this protocol draw on GRI G3.1, the AA1000 Assurance Standard 2008 by AccountAbility and the International Standard on Assurance Engagements 3000 (ISAE 3000) by the International Federation of Accountants.

All underlying systems and process that support the Company's sustainability framework were reviewed in adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Completeness, as well as the GRI G3.1 guidelines with respect to the Application Level 'B+'. The assurance statement is published on pages 69 to 71.

FEEDBACK

This report demonstrates our commitment to keep our stakeholders, including our employees, customers, investors, business partners and community members, abreast of our social and environmental developments.

We welcome feedback and can be reached at sustainability@keppcorp.com.

THE KEPPEL CORE VALUES

Can Do



Passion
and Vigour

Integrity



Act with Ethics
and Honesty

Customer Focus



Forge Value-Added
Partnerships

People-Centredness



Value and
Nurture People

Safety



Zero Accident,
Zero Loss

Agility & Innovativeness



Adapt to Change and
Innovate for Growth

Collective Strength



Global Mindset
and Teamwork

Accountability



Responsible to
all Stakeholders

MANAGEMENT SYSTEMS

Offshore & Marine

Keppel FELS

ISO 9001 Quality Management System	Since 1994
Singapore Quality Class Certification (SQC)	Since 2002
People Developer Singapore	Since 2003
Singapore Innovation Class Certification (I-Class)	Since 2004
International Sustainability Rating System 7 th Edition; 8 th Edition Level 6	Since 2008; 2012
SS 506 Singapore Standard for Occupational Safety & Health Management System	Since 2014

Keppel Shipyard

ISO 9001 Quality Management System	Since 1996
Singapore Quality Class Certification (SQC)	Since 1999
ISO 14001 Environmental Management System	Since 2004
SS 506 Singapore Standard for Occupational Safety & Health Management System	Since 2010

Keppel AmFELS

ISO 9001 Quality Management System	Since 2015
ISO 14001 Environmental Management System	Since 2015
OHSAS 18001 Occupational Health & Safety Management System	Since 2015

BrasFELS

ISO 9001 Quality Management System	Since 2001
ISO 14001 Environmental Management System	Since 2006
OHSAS 18001 Occupational Health & Safety Management System	Since 2006

Keppel Verolme

ISO 9001 Quality Management System	Since 1993
ISO 14001 Environmental Management System	Since 2011
OHSAS 18001 Occupational Health & Safety Management System	Since 2011

Infrastructure

Keppel Seghers Engineering Singapore

ISO 9001 Quality Management System	Since 1999
OHSAS 18001 Occupational Health & Safety Management System	Since 2006
ISO 14001 Environmental Management System	Since 2007

Domestic Solid Waste Management Centre operated by Keppel Seghers Engineering

ISO 9001 Quality Management System	Since 2012
ISO 14001 Environmental Management System	Since 2012
OHSAS 18001 Occupational Health & Safety Management System	Since 2012

Keppel Seghers Belgium N.V.

ISO 9001 Quality Management System	Since 2004
OHSAS 18001 Occupational Health & Safety Management System	Since 2011

Keppel DHCS

ISO 9001 Quality Management System	Since 2005
ISO 14001 Environmental Management System	Since 2005
OHSAS 18001 Occupational Health & Safety Management System	Since 2005

Keppel Logistics

ISO 9001 Quality Management System	Since 1993
Certified On-The-Job Training Centre	Since 1995
People Developer Singapore	Since 1998
ISO 14001 Environmental Management System	Since 2002
OHSAS 18001 Occupational Health & Safety Management System	Since 2002
Secure Trade Partnership	Since 2008
ISO 13485 Quality Management System for Medical Devices	Since 2009
Good Distribution Practice for Medical Devices in Singapore (GDPMDS)	Since 2009
Management of Food Safety based on Hazard Analysis and Critical Control Point (HACCP)	Since 2011

Keppel Logistics (Foshan)

ISO 9001 Quality Management System	Since 2000
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Keppel Data Centres

SS 507 Singapore Standard for Information and communications technology disaster recovery services (Keppel Digihub; Keppel Datahub)	Since 2009; 2011
ISO/IEC 24762 Information and communications technology disaster recovery management standard (Keppel Datahub; Keppel Digihub)	Since 2010; 2013
TIA-942 Tier 3 Telecommunications Infrastructure Standards (Keppel Datahub; Keppel Digihub)	Since 2010; 2013
SS 564 Singapore Standard for National Green Data Centre Management System (Keppel Datahub)	Since 2011

Property

Keppel Land

ISO 14001 Environmental Management System	Since 2008
OHSAS 18001 Occupational Health & Safety Management System	Since 2012
ISO 9001 Quality Management System	Since 2014

Performance Data Table

07

PERFORMANCE DATA

	2012	2013	2014	Interpretation	Page No
Environment (Singapore Operations)					
Direct Energy (GJ)	757,615	1,063,660	738,529	■	29
Indirect Energy (GJ) ¹	1,552,794	1,600,431	1,625,457	■	29
Potable Water Used (m ³)	1,452,747	1,483,679	1,386,505	■	33
NEWater Used (m ³)	2,692,900	2,660,445	2,593,781	■	33
Recycled Waste (tonnes)	189,371	156,759	178,912	■	33
Incinerated Waste (tonnes)	45,848	40,225	40,524	■	33
Direct Carbon Emissions (t-CO ₂)	639,927	555,814	578,725	■	33
Indirect Carbon Emissions (t-CO ₂) ¹	221,963	221,311	202,747	■	33
Safety					
Group Accident Frequency Rate (reportable accidents per million man-hours)	0.17	0.18	0.23	■	46
Group Accident Severity Rate (man-days lost per million man-hours)	84	55	108	■	46
Cumulative Group Accident Frequency Rate (Singapore) (reportable accidents per million man-hours)	0.13	0.12	0.16	■	46
Cumulative Group Accident Frequency Rate (Overseas) (reportable accidents per million man-hours)	0.22	0.26	0.32	■	46
Cumulative Group Severity Rate (Singapore) (man-days lost per million man-hours)	48	47	140	■	46
Cumulative Group Severity Rate (Overseas) (man-days lost per million man-hours)	141	65	67	■	46
Labour					
Investment in Training (S\$ million)	20.5	19.2	14.2	■	54
Training Hours per Employee (Singapore)	73	50	49	■	54
Training Hours per Employee (Global)	34	29	31	■	54
Group Employee Turnover Rate (%)	9.9	8.6	8.8	■	51
Local Hires (%)	61.7	61.2	62.7	■	53
Senior Management Hired Locally (%)	62.2	61.4	61.8	■	53
Community					
Philanthropic Investments (S\$million)	9.66	10.7	5.88	■	61

■ Generally Desirable ■ Neutral ■ Undesirable

¹ Indirect emissions from Singapore operations in 2012 and 2013 have been recalculated based on the revised definition of indirect electricity consumption by Keppel Infrastructure's Waste-to-Energy plants.



We shape our sustainability approach by focusing on issues that are significant to our stakeholders. In doing so, we align our business strategy and activities with the priorities of wider society. Our stakeholder groups refer to those directly impacted by, or who have the potential to impact, the Group's businesses.

We engage our stakeholders through various platforms, including:

- Individual and group meetings and conference calls
- Webcasts and presentations of our quarterly results
- Senior executives' speeches
- Email communications
- Customer surveys
- Corporate website at www.keppelcorp.com
- Publications such as Keppel Corporation's Report to Shareholders, Sustainability Report and corporate newsletters including *Keppelite*, *吉宝精典*, *HSE Matters*, *OffshoreMarine* and *Across Borders*

MATERIALITY ANALYSIS

We carry out materiality analyses with an independent consultancy to identify the issues that are significant to our stakeholders to ensure our sustainability strategy and reporting remains relevant to their current concerns. Our materiality analyses are based on AA1000 Principles of Inclusivity and Materiality by AccountAbility and Global Reporting Initiative (GRI) G3.1 guidelines, where materiality is assessed by determining the relevance of each issue to Keppel and our stakeholders. An issue is considered material if it influences the decisions, actions and performance of Keppel or its stakeholders. Issues are prioritised using a materiality matrix. Our latest materiality analysis was conducted in end-2014.

PROCESS

The materiality analysis combined an internal review of our businesses with a review of external stakeholder

issues and long-term global shifts, such as urbanisation and climate change, which could impact our businesses.

To gain deeper insight into the sustainability aspects of our operations, we extended the analysis from the corporate level to include separate workshops for senior management of Keppel Offshore & Marine (Keppel O&M) and Keppel Infrastructure.

01

We engage our stakeholders in shaping our sustainability approach.

The workshop findings were then analysed together with recently-concluded materiality analyses of Keppel Land and Keppel Telecommunications & Transportation to produce a consolidated review of issues material to Keppel Corporation. Weighting factors based on revenue share of each business unit were applied in the consolidation of material issues.

GENERAL FINDINGS

The issues identified as material in our previous analysis remain of “critical” and “high” importance to Keppel. These are: economic performance, corporate governance, environmental performance, product excellence, safety and health, labour practices and community development.

Within these focus areas, there is an increased understanding of aspects such as anti-corruption and the impact of our human resource practices on local economies as salient issues for the Group.

NEXT STEPS

The findings and recommendations will be incorporated into the review of our sustainability strategy and processes by our Group Sustainability Steering and Working Committees. We are mindful that sustainability is a journey, and implementation of improvements is a long-term process.

Given that this report is a retrospective look at 2014, we have incorporated findings where possible to do so from a reporting perspective. We will transition to reporting in accordance with GRI G4.0 guidelines for our next report.

STAKEHOLDER ENGAGEMENT STUDY

To review the issues that have been covered in our report and gain feedback for improvement, we completed a stakeholder engagement study in 2013 with

OUR STAKEHOLDERS



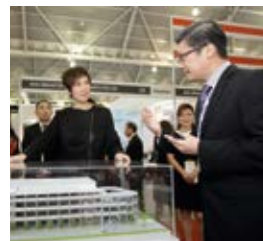
Customers

We provide value-added and reliable solutions tailored for our customers.



Employees

We enhance our employees' affiliation with the company and their assimilation into our organisational culture.



Governments

We collaborate with public policy leaders on issues of mutual interest.



Shareholders

We address the concerns of the investing community and foster deeper relationships with long-term shareholders.



Local Communities

We nurture communities where we operate to build trust and goodwill.



Suppliers

We work alongside suppliers to influence and improve their performance.

an independent consultancy. The close to 100 respondents hailed from six stakeholder groups: customers, employees, investors and analysts, government, suppliers and community groups.

The respondents agreed that the focus areas of economic performance, corporate governance, environmental performance, product excellence, safety and health, labour practices and community development covered in our reports are material.

Respondents generally agreed that the Keppel Group met its stakeholder goals of:

- Providing value-added and reliable solutions tailored to our customers (90% agreed)
- Enhancing employees' affiliation with the company and assimilation into organisational culture (87% agreed)
- Collaborating with public policy leaders on issues of mutual interest (88% agreed)
- Fostering deeper relationships with long-term shareholders and addressing concerns of the investing community (100% agreed)

- Nurturing communities where we operate to build trust and goodwill (100% agreed)
- Working alongside suppliers to influence and improve their sustainability performance (75% agreed)

The issues identified as most pertinent among those surveyed were:

- Training
- Sustainable resource use
- Proactive outreach to the community
- Implementation of best practices and adherence to certification standards

We have factored these responses into our sustainability approach and reporting.

MANAGING OUR SUPPLY CHAIN

We work closely with our suppliers to make a positive impact on their sustainability performance.

In general, new suppliers are screened and qualified in accordance with our requisition and purchasing policies. Health, Safety and Environmental (HSE)

and labour criteria are included in the assessments.

We review potential suppliers' industry reputation, track record and certifications in these areas. Contractors with ISO 9001, ISO 14001 and OHSAS 18001 certifications are preferred.

Upon selection, new vendors are assessed again by the respective work teams based on specified criteria. The feedback provided to the procurement teams helps determine whether new vendors are included in our approved vendor list.

We also exercise influence on our supply chain by working closely with our subcontractors to ensure that they are aligned with our HSE standards.

As participant of the Marine Sponsorship Scheme by Singapore's Ministry of Manpower (MOM), Keppel O&M is obliged to ensure that its appointed resident contractors adhere to MOM guidelines on the employment of both local and foreign employees.



01

We engage internal stakeholders through various forums at the Group and business unit levels.

Awards & Accolades

02

(From L-R) Keppel Corporation CEO Mr Loh Chin Hua, and Board Directors Mr Tony Chew (retired on 1 May 2015) and Mr Alvin Yeo received a Singapore Corporate Award on behalf of the company in recognition of its high standards of corporate governance.



CORPORATE GOVERNANCE

SINGAPORE CORPORATE AWARDS

- **KEPPEL CORPORATION**
 - Silver, Best Managed Board (Market capitalisation of \$1 billion and above)

SECURITIES INVESTORS ASSOCIATION (SINGAPORE) INVESTORS' CHOICE AWARDS

- **KEPPEL CORPORATION**
 - Winner, Singapore Corporate Governance Award (Big Cap)
- **KEPPEL TELECOMMUNICATIONS & TRANSPORTATION (KEPPEL T&T)**
 - Winner, Singapore Corporate Governance Award (Mid Cap)
- **KEPPEL LAND**
 - Runner-up, Most Transparent Company (Property)

ALPHA SOUTHEAST ASIA INSTITUTIONAL INVESTOR CORPORATE AWARDS

- Keppel Corporation was among Singapore's top three companies singled out for strongest adherence to corporate governance.

GOVERNANCE & TRANSPARENCY INDEX (GTI)

- Keppel Corporation topped the GTI as the best governed and most transparent listed company

in Singapore. Keppel Land and Keppel T&T were placed 6th and 21st respectively.

FINANCEASIA'S ANNUAL POLL

- **KEPPEL CORPORATION**
 - Winner, Best Managed Board and Best Investor Relations in Singapore
 - Runner-up, Best Corporate Governance
 - Runner-up, Best Corporate Social Responsibility
 - Runner-up, Most Committed to a Strong Dividend Policy

ENVIRONMENTAL PERFORMANCE

- Keppel Datahub 2 received the Leadership in Energy and Environmental Design (LEED) Gold Award for Core and Shell by the US Green Building Council.
- Keppel Land was the Winner in the Energy Management category at the Sustainable Business Awards organised by Global Initiatives.
- Ocean Financial Centre, One Raffles Quay and Prudential Tower were awarded the Water Efficient Building (Silver) Certification by PUB, Singapore's national water agency.

Awards & Accolades

01

For its high safety standards, the Keppel Group won 39 Workplace Safety and Health (WSH) Awards in 2014.

02

Ms Wang Look Fung (centre), Director of Group Corporate Affairs, Keppel Corporation, received the "Sustainable Business Award" on behalf of Keppel Corporation from Mr Lee Yi Shyan (left), Senior Minister of State for Trade and Industry, and National Development.

03

The Glades condominium received the BCA Green Mark Gold^{Plus} award.

- Highline Residences and The Glades attained the Landscape Excellence Assessment Framework Certification by Singapore's National Parks Board.
- Marina at Keppel Bay was named the Green Maritime Company of the Year at the Asia Boating Awards 2014.
- Tanah Sutera, the management company of Keppel Land's integrated township development in Johor, Malaysia, clinched the Merit Award (Regional) at the Singapore Environment Achievement Awards.
- Sino-Singapore Tianjin Eco-City was named a National Green Building Base by the China Green Building Council while its Low Carbon Living Lab was conferred 3 stars by China's Green Building Design Label.

BUILDING & CONSTRUCTION AUTHORITY (BCA) GREEN MARK AWARDS

- Keppel Land was awarded the Green Mark Champion Award 2014. Keppel Group's Green Mark projects to date include:

■ SINGAPORE

- Keppel Datahub 2, Platinum and BCA-IDA Platinum
- Bugis Junction Towers, Platinum
- Keppel Bay Tower, Platinum
- Highline Residences, Gold^{Plus}
- Prudential Tower, Gold^{Plus}
- Keppel Datahub, Gold^{Plus}
- The Glades, Gold^{Plus}
- Tampines Logistics Hub, Gold
- Keppel Digihub, Certified

■ OVERSEAS

- Sino-Singapore Tianjin Eco-City's Low Carbon Living Lab, Platinum
- Central Park City Plot One in Wuxi, Gold
- Sedona Hotel Yangon, Gold
- Stamford City Block 5, Gold
- Stamford City Blocks 1, 2 & 3, Certified
- Corals at Keppel Bay and The Glades received the BCA Universal Design Gold^{Plus} and Gold Awards respectively.
- Marina Bay Financial Centre Phase 2 and Madison Residences received the BCA Construction Excellence Awards.



01



02

- Mr Lim Tow Fok, Keppel Land's General Manager of Property Management and Knowledge Management, was awarded the Green Building Individual Award.

PRODUCT & BUSINESS EXCELLENCE

- Keppel Corporation received the Channel NewsAsia Innovation Luminary Award 2015.
- Ms Lynn Koh, GM of Group Treasury at Keppel Corporation, was named one of Asia's 25 most influential women in treasury and finance by *The Corporate Treasurer* magazine.
- Keppel FELS achieved the Guinness World Record in 2014 for "Largest manufacturer of offshore rigs" – delivering 21 offshore rigs in 2013.
- Keppel FELS' DSS™ 38E rig design received the Industrial Structure Award at the Singapore Structural Awards.
- Keppel Shipyard received the Shipbuilding & Repair Yard Award at the Seatrade Asia Awards.
- Keppel Logistics was named Singapore Domestic Logistics Service Provider of the Year at the Frost & Sullivan Singapore Excellence Awards for the fourth time since 2009.
- Keppel Land received eight Euromoney Real Estate Awards:
 - **SINGAPORE**
 - Best Developer
 - Best Residential Developer
 - Best Office and Business Developer
 - Best Leisure/Hotel Developer
 - **VIETNAM**
 - Best Developer
 - Best Residential Developer
 - Best Office and Business Developer
 - Best Mixed-use Developer
- Keppel Land received the Channel NewsAsia Innovation Luminary Award 2014.
- Keppel Land was among the Top 10 developers in Singapore and Vietnam recognised at the BCI Asia Awards.
- Keppel Land was conferred the Asia Excellence Brand Award by *Yazhou Zhoukan* newsweekly.
- Keppel Land was named the Most Admired ASEAN Enterprise under the corporate excellence category (large-size company) at the ASEAN Business Awards.
- Keppel Land won four Singapore Good Design Mark Awards:
 - Ocean Financial Centre won the SG Mark Standard Award and Gold Award for its green wall.



03

- The Glades won two Standard Awards for its sliding integrated multi-function wall system and interactive multimedia wall at its sales gallery.
- Keppel Land China was ranked among the Top 10 ASEAN companies in China by the China-ASEAN Business Council for a third consecutive year in 2015. Mr Ang Wee Gee, CEO of Keppel Land, was named one of the Top ASEAN Entrepreneurs in China.
- International Financial Centre Jakarta Tower 2 was named the Best Commercial Development in Indonesia and the Best Green Development at the Southeast Asia Property Awards.
- Ocean Financial Centre and Marina Bay Suites received FIABCI Singapore Property Awards in the Office and High-Rise Residential categories respectively.
- Ocean Financial Centre received the Best Innovative Green Building Gold Award at the MIPIM Asia Awards 2014.
- Marina at Keppel Bay was recredited with five Gold Anchors at the Marina Industries Association Australia Awards, the highest accreditation under the International Rating Scheme for Marinas.

Awards & Accolades

- Keppel Land Hospitality Management clinched the following awards:
 - Royal Sedona Suite at Sedona Hotel Yangon
 - Myanmar's Leading Hotel Suite, World Travel Awards 2014
 - Sedona Suites Ho Chi Minh City
 - Vietnam's Leading Serviced Apartments, World Travel Awards 2014
 - Ria Bintan Golf Club
 - Best Golf Course in Indonesia and Second Runner-Up for Best Golf Course in Asia Pacific, Asian Golf Awards 2014
 - Spring City Golf & Lake Resort
 - Second Runner-Up for Best Golf Course in China, Asian Golf Awards 2014
 - Top Golf Course in China by Golf Magazine (China Edition)
 - Gold Caddie Service Award, Top Golf Courses Awards 2013/14
 - Top 18 Famous Holes, China Awards
 - Eco-City International Country Club
 - Gold Award (Wetlands category) at the Top Golf Courses Awards 2013/14
- Keppel Corporation's 45th anniversary video, *Shaping the Future*, received two Gold Awards of Excellence at the Communicator Awards and an AVA Digital Platinum Award.
- Corals at Keppel Bay secured a SPH INK Bronze Award for its advertisement campaign.

SAFETY & HEALTH

- The Keppel Group received 39 Workplace Safety & Health (WSH) Awards from Singapore's WSH Council and Ministry of Manpower, the highest number of awards received by a single organisation. Of this tally:
 - 33 awards were conferred on Keppel O&M business units under the Safety & Health Award Recognition for Projects (SHARP) category.

- Keppel Shipyard won the WSH Innovation Award for implementing an improved method in lifting thrusters.
- Keppel Singmarine and Keppel DHCS won WSH Performance (Silver) Awards.
- Keppel Datahub and Keppel Digihub received WSH Risk Management Awards.
- Mr P Arungulavan, a Senior Control and Instrumentation Engineer at Keppel Merlimau Cogen, received the WSH Award for Supervisors.
- Nakilat-Keppel Offshore & Marine (N-KOM) won the Safety & Security Award at the Maritime Standard Middle East & Indian Subcontinent Awards.
- Keppel Land received a Merit Award at the International Safety Awards from the British Safety Council.

LABOUR PRACTICES

- Keppel Corporation was named the Most Attractive Employer in the Engineering Sector Services category at the Randstad Awards 2014.
- Keppel O&M won top awards in three categories at the 12th Annual Human Resources Management Awards 2015:
 - Best Leadership Development
 - Best Training, Learning and Development
 - Special Recognition for the Best Graduate Development
- Mr Chor How Jat, Managing Director of Keppel Shipyard, was awarded a Medal of Commendation at the National Trades Union Congress May Day Awards 2014.
- Keppel Land was conferred the Singapore HR Award for leading HR practices in learning and human capital development. The company also earned special mentions for its talent management, retention and succession planning and compensation and rewards management.

COMMUNITY & SOCIETY

- The Keppel Group received four Community Chest Awards:
 - Keppel Care Foundation, Corporate Gold

- Keppel FELS and Keppel Singmarine, SHARE Platinum
- Keppel Shipyard, SHARE Gold
- The Keppel Group garnered its seventh consecutive Distinguished Patron of the Arts Award from Singapore's National Arts Council.
- Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd was conferred the Tianjin Charity Star Company Award.

SUSTAINABILITY

- Keppel Corporation was selected as a component of the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific) 2013/14, the Euronext Vigeo World 120 Index and the MSCI Global Sustainability Index.
- Keppel Corporation was conferred the Sustainable Business Award (Merit) by the Singapore Business Federation.
- Keppel Land remained on the DJSI World and Asia Pacific Indices and MSCI Global Socially Responsible and Sustainability Indices. It was also included in the MSCI World Environmental, Social and Governance Index and the Sustainability Yearbook 2014.
- Keppel Land was ranked fourth worldwide in the Global 100 Most Sustainable Corporations in the World 2015, coming up tops in Asia and among real estate companies globally.
- Keppel REIT was named the Regional Leader for Office Sector (Large Cap) in Asia by the Global Real Estate Sustainability Benchmark 2014 and ranked 17th in the Global 100 Most Sustainable Corporations in the World.
- Keppel REIT clinched the Sustainability Award for business leadership at the Asia Pacific Regional Network Leadership Awards by the World Green Building Council.

OFFSHORE & MARINE

Brent oil prices declined sharply in the latter half of 2014, plunging from a height of US\$115 per barrel in June to under US\$50 per barrel at the start of 2015. This decline was mainly attributed to demand and supply factors and was exacerbated by geopolitical tensions.

As oil companies seek to cut costs, global exploration and production (E&P) spending is expected to fall by about 9% in 2015, reducing orders for new equipment and putting pressure on charter rates for drilling rigs. While national oil companies such as Saudi Aramco and PEMEX are expected to keep their overall rig count steady in 2015, they will be looking to optimise costs by seeking reduced dayrates for the jackups they are chartering.

In the offshore rig market, there remain opportunities for oilfield services in shallow water regions, such as the Middle East, where breakeven oil prices for production are lower than current oil prices. For countries such as Mexico and India, oil and gas exploration and development remain necessary for achieving energy self-sufficiency.

The shiprepair market is expected to be challenging as recovery for most shipping sectors remains slow, but there is optimism for the tanker market as higher demand for lower-price crude oil has boosted freight rates. Regarding production unit conversion projects, market fundamentals are expected to remain intact although oil field Final Investment Decisions are likely to be delayed. According to the Energy Market Authority (EMA) of Singapore, Southeast Asia, Africa and Brazil remain active regions for production unit projects.

INFRASTRUCTURE

In 2014, Singapore's average electricity demand grew 3.6%, higher than the 2.8% increase in 2013. The commercialisation of additional generation capacity has intensified competition, leading to oversupply and margin pressures which are expected to continue. The retail contestability threshold for consumers will be further lowered to 2,000



kilowatt-hours (kWh) on 1 July 2015, after the reduction from 10,000 kWh to 4,000 kWh in 2014. This will give about 10,000 more non-residential consumers the choice of procuring electricity from retailers besides SP Services Ltd, adding to the current 23,000 non-residential consumers.

Rapid urbanisation and stricter environmental regulations continue to underpin growth in the Waste-to-Energy sector. The World Bank estimates global municipal solid waste to increase from 1.3 billion tonnes per year currently to 2.2 billion tonnes per year in 2025.

Keppel Telecommunications & Transportation (Keppel T&T) is poised to ride increasing demand for quality logistics services in Asia Pacific. Economic growth is expected to accelerate in Southeast Asia, while the Chinese government unveiled a six-year plan to develop infrastructure and increase domestic supply chain efficiency.

Demand for data creation and storage is set to grow, driven by increasing cloud computing, compliance and regulatory requirements for data security and outsourcing of data centre services. These trends present opportunities for Keppel T&T's data centres to grow via its REIT-development company strategy.

PROPERTY

Singapore's residential market is expected to remain subdued as cooling measures are likely to be sustained. The Grade A office market is expected to enjoy robust rental growth in 2015 due to limited new supply.

In China, policy easing is expected to translate into a gradual recovery for the residential market. In Vietnam, increased lending by banks has stimulated the economy. The foreign property ownership law that goes into effect from 1 July 2015 is expected to improve the domestic housing market. In Indonesia, demand for apartments is expected to remain healthy due to the growing middle class and increasing preference for condominiums given the higher prices of landed homes.

For a thorough discussion of Keppel Group's businesses, please refer to pages 46 to 89 of Keppel Corporation's Report to Shareholders 2014.

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Amidst headwinds, Keppel will remain focused on its core competencies to execute its businesses profitably, safely and responsibly.

Economic Performance

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Keppel creates sustainable value for its stakeholders through a robust portfolio of businesses. Amidst industry headwinds in 2014, we continued to respond with agility to deliver solid results.

01

In 2014, Keppel Offshore & Marine's yards worldwide delivered seven rigs, seven FPSO conversion/upgrading projects and nine major specialised vessels in a timely and safe manner.

\$13.3b

Revenue recorded for 2014, an increase of 7% from the previous year.

\$1,885m

Net profit recorded for 2014, an increase of 2% from the previous year.



OFFSHORE & MARINE

- Entrenched Keppel's track record in ultra-high specification jackups by delivering the world's largest jackups and securing a contract to build the first proprietary KFELS N Plus jackup.
- Secured two contracts to perform the world's first-of-its-type Floating Liquefaction Vessel conversions.
- Secured contracts to build specialised vessels, including two ice-class supply vessels and a Subsea Construction Vessel.

MAJOR DEVELOPMENTS IN 2014



INFRASTRUCTURE

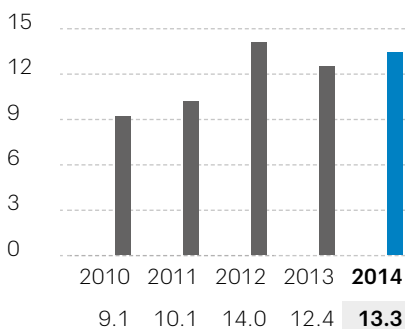
- K-Green Trust was renamed Keppel Infrastructure Trust (KIT) with an expanded investment mandate.
- The formation of an enlarged KIT through the divestment of assets and business undertakings to CitySpring Infrastructure Trust and the injection of a 51% stake in Keppel Merlimau Cogen Plant were proposed.
- The Greater Manchester Energy-from-Waste Plant and Doha North Sewage Treatment Works achieved significant milestones.
- Keppel DC REIT was listed on the Main Board of the Singapore Exchange, raising \$512.9 million through an IPO.



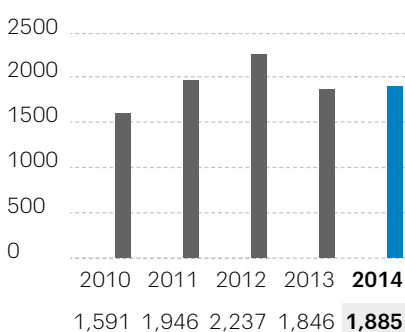
PROPERTY

- Sold about 2,450 homes, mostly in China and Singapore.
- Generated \$1 billion in net proceeds from asset divestments for capital recycling.
- Committed \$1.1 billion in investments into new and existing projects.
- Strengthened retail management capability by acquiring a 75% stake in Array Real Estate.
- Grew Assets Under Management by Keppel REIT and Alpha Investment Partners to \$18.7 billion.

REVENUE (\$ billion)



NET PROFIT (\$ million)



FINANCIAL PERFORMANCE IN 2014

Group revenue of \$13,283 million was \$903 million, or 7%, above that of the previous year.

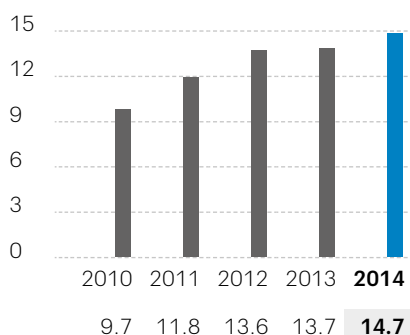
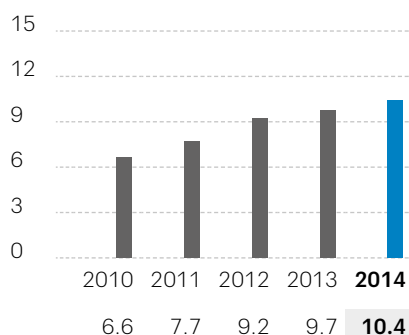
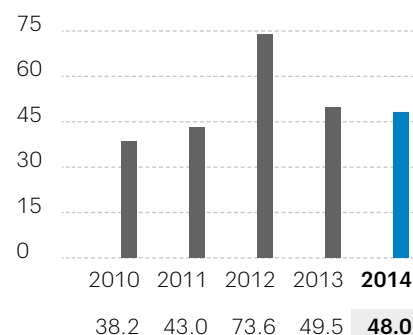
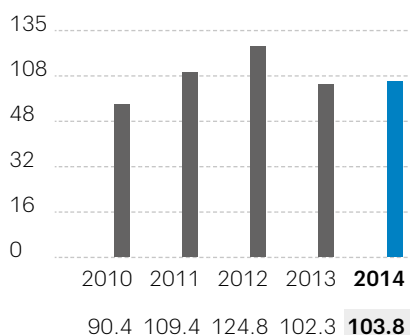
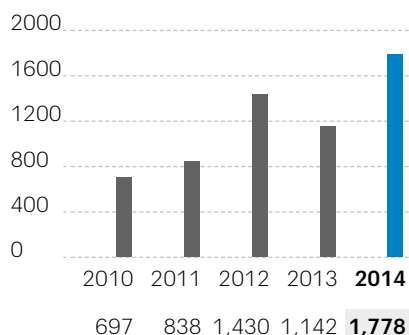
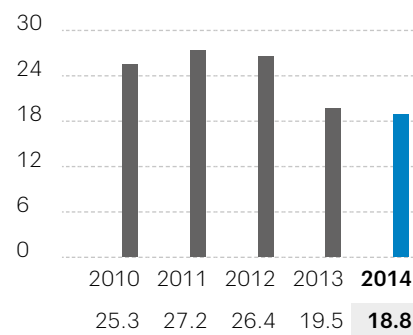
Revenue of \$8,556 million from the Offshore & Marine Division was \$1,430 million higher due to higher revenue recognition from ongoing projects.

Our Infrastructure Division recorded a revenue of \$2,934 million, which was \$525 million lower due mainly to lower revenue recorded by the power generation plant in Singapore, partly offset by higher revenue from the logistics and data centre businesses.

Revenue from the Property Division of \$1,729 million fell by \$39 million due largely to lower contribution from residential property sales in Singapore and the deconsolidation of Keppel REIT from 31 August 2013, partly offset by the sale of a residential development in Jeddah, Saudi Arabia.

Group net profit of \$1,885 million was \$39 million, or 2%, higher than that of the previous year.

The Offshore & Marine Division's profit of \$1,040 million was \$95 million, or 10%, higher than that of the previous year. Better operating results and higher interest income were partly offset by lower

CAPITAL EMPLOYED (\$ billion)**SHAREHOLDERS' FUNDS** (\$ billion)**TOTAL DISTRIBUTION PER SHARE** (cents)**EARNINGS PER SHARE** (cents)**ECONOMIC VALUE ADDED** (\$ million)**RETURN ON EQUITY** (%)

share of associated companies' profits and higher tax expense.

Profit from the Infrastructure Division of \$320 million was \$305 million higher, due largely to better operating results and gains from divestments of data centre assets and Keppel FMO Pte Ltd in 2014.

The Property Division's profit of \$482 million declined by \$350 million due largely to lower operating results, lower fair value gains on investment properties and absence of gain from the deconsolidation of Keppel REIT recognised in 2013. This was partially offset by gains from the disposals of Equity Plaza, Prudential Tower and its one-third interest in Marina Bay Financial Centre Tower 3 in 2014.

Profit from the Investments Division decreased by \$11 million, or 20%, to \$43 million. This was due mainly to higher overheads partly offset by profit from the disposal of investments and a write-back of impairment of investments.

The Offshore & Marine Division was the largest contributor to Group net profit with a 55% share, followed by the Property Division at 26%, the Infrastructure Division at 17% and the Investments Division at 2%.

Earnings Per Share increased 2% to \$1.04. Economic Value Added, at a record high of \$1,778 million, was \$636 million above that of the previous year.

Total cash dividend for 2014 was 48 cents per share, 20% higher than the prior year's total cash dividend of 40 cents per share. The cash dividend comprised a final cash dividend of 36 cents per share and the interim cash dividend of 12 cents per share distributed in 3Q 2014. The total distribution for 2014 was approximately \$870 million.

FINANCIAL ASSISTANCE & TAXES PAID

In 2014, the Group received a total of \$8.3 million in financial assistance from governments. This largely consists of research and development as well as a jobs credit grant from the Singapore government.

The Group operates in 30 countries and paid a total of \$328 million in taxes to the various countries and tax jurisdictions in which it operates.

EMPLOYEE COMPENSATION

In 2014, staff costs amounted to \$1,733 million in the form of wages and salaries, our contribution as employers to Singapore’s Central Provident Fund, share options and share plans as well as other staff benefits. The Group’s employees in 2014 numbered 38,732.

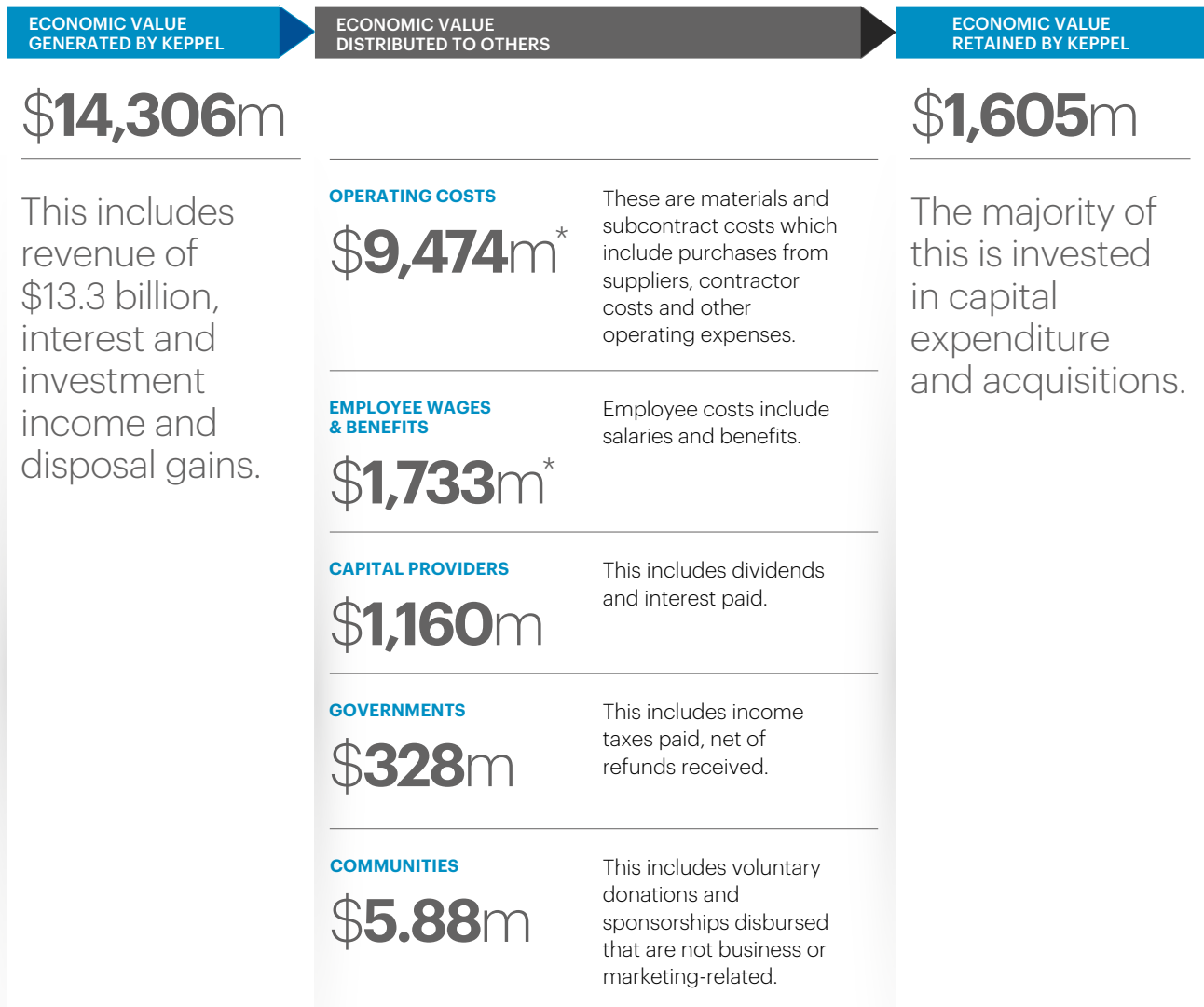
For more details on the Group’s financial performance, please refer to pages 46 to 89 of Keppel Corporation’s Report to Shareholders 2014.

ECONOMIC VALUE DELIVERED TO SOCIETY

Keppel’s business operations generate employment, opportunities for suppliers and tax revenues for governments. Committed to positively impact the communities in which we operate, we contribute to worthy social causes through donations and sponsorships.

In 2014, Keppel generated \$14,306 million of economic value for our stakeholders, which was distributed through our business operations to suppliers, contractors, subcontractors, employees, investors, governments and community organisations, among others.

Of the economic value retained by Keppel after this distribution, most is invested in capital expenditure and acquisitions as we maintain our competitive edge and stand poised to seize growth opportunities.



*These amounts are on an accrued basis.

Corporate Governance



The long term sustainability of Keppel Group's businesses is underpinned by our core value of integrity and driven at the highest level through strong corporate governance and proactive engagement with stakeholders.

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The Board of Directors brings diverse experience and expertise to the Group.

7 out of 9

Board Directors were Independent Directors as at 1 May 2015.

3 Lines of defence

Under Keppel's System of Management Controls Framework.

PERFORMANCE OVERVIEW



WHAT WE SAID IN 2014

- Continue to maintain strong Board independence and performance.
- Implement Personal Data Protection compliance procedures and processes.
- Enhance anti-bribery measures.
- Roll-out of Control Self-Assessment programme to selected entities.



WHAT WE DID IN 2014

- Established Keppel Group Personal Data Protection Policy and Keppel Group Telemarketing Policy.
- Implemented Personal Data Protection compliance procedures and processes.
- Circulated the Keppel Group Anti-Bribery and Corruption Statement Group-wide to set a strong tone at the top.
- Introduced an IT Governance Framework into Keppel's System of Management Controls Framework.
- Rolled out Control Self-Assessment programme to selected entities.



WHAT WE PLAN TO DO

- Continue to maintain strong Board independence and performance.
- Continue to enhance anti-bribery measures.
- Continue to enhance Personal Data Protection compliance procedures and processes.
- Continue to roll-out Control Self-Assessment programme in phases.

The Board and management of Keppel Corporation Limited ("KCL", "Keppel" or the "Company") firmly believe that a genuine commitment to good corporate governance is essential to the sustainability of the Company's business and performance.

Keppel adheres to the principles and guidelines of the Code of Corporate Governance 2012 (the "2012 Code").

To us, a critical aspect of good governance is to have an effective, strong and independent board as the highest governing body responsible for setting the strategic direction, overseeing the business and affairs of the Company, establishing with management the strategies and financial objectives to be implemented by management

and monitoring the performance of management. In addition, there must be a strong commitment to ensure that good business ethics are practised across the Group and that there is clear, consistent and regular communication with the Company's investors.

The Group Sustainability Steering Committee drives the sustainable development strategy of the Group. For the financial year ended 31 December 2014 ("FY 2014"), the Steering Committee was chaired by the Company's Executive Director cum Chief Executive Officer, Mr Loh Chin Hua. The Chief Financial Officer of the Company, Mr Chan Hon Chew, and the Chief Executive Officers of the principal business units of the Group are all members of the Steering Committee.

GOVERNANCE BOARD COMPOSITION & EVALUATION

At Keppel, our directors fully understand that they must act in the best interest of the Company at all times, are accountable to the shareholders and have the responsibility to safeguard the interests of all shareholders.

There are currently nine directors on our Board, comprising seven independent directors, one non-executive and non-independent director and one executive director. Two Senior Executive Directors, Mr Tong Chong Heong and the late Mr Teo Soon Hoe, retired from the Board on 1 February 2014 and 1 June 2014 respectively. Mr Tony Chew Leong-Chee, an independent director, retired from the Board on 1 May 2015.

To assist the Board in its oversight function, board committees, namely the Audit Committee, Board Risk Committee, Nominating Committee, Remuneration Committee and Board Safety Committee, were formed to focus on key matters such as internal audit, risk management, board composition and performance, succession planning and talent management, remuneration and safety.

Each committee has clearly defined terms of reference. For more details on the terms of reference and composition of the various committees, please refer to pages 110 to 112 of Keppel Corporation's Report to Shareholders 2014.

There is a strong and independent element on our Board, with an independent chairman and the majority of our Board comprising independent directors. For FY 2014, except for the Board Safety Committee, all board committees comprised entirely independent or non-executive directors, with independent chairmen.

The Nominating Committee determines on an annual basis whether or not a director is independent bearing in mind the 2012 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent. In this connection, the Committee carried out the review on the independence of each non-executive director based on the respective director's self-declaration in the Director's Independence Checklist and their actual performance on the Board and board committees.

Our non-executive directors are generally not involved in the day-to-day management of the Company. However, the Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals. For this to happen, the

Board, in particular the non-executive directors, must be kept well-informed of the Company's businesses and affairs and be knowledgeable about the industries in which the businesses operate. The Company has therefore adopted initiatives to put in place processes to ensure that the non-executive directors are well supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively.

Board evaluation is another important element in ensuring board effectiveness. Our Board has put in place formal processes for assessing the effectiveness of the Board as a whole and its board committees, the contribution by each individual director to the effectiveness of the Board as well as the effectiveness of the Chairman of the Board. To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party co-ordinator to assist in collating and analysing the returns of the Board members. Such assessments help to improve the overall effectiveness of the Board by providing opportunities for the directors to give constructive feedback. They also help the directors focus on their key responsibilities.

The competencies and skill sets of the directors and the composition of the Board also play a role in the overall effectiveness of the Board. At Keppel, the Nominating Committee ensures that the Board and board committees comprise directors who as a group provide core competencies required to exercise effective oversight and direction. The board composition is diversified with directors from different relevant industry experience. There is currently one female director who serves as the Chairman of the Board Risk Committee and is a member of the Audit and Remuneration Committees. Further, Mr Till Vestring, who is from Germany, joined the Board on 16 February 2015 as an independent and non-executive director. Mr Vestring

is a partner in Bain & Company's ("Bain") Southeast Asia office. Of his 24-year career with Bain, Mr Vestring has spent over two decades in Asia advising leading companies on portfolio strategy, growth, mergers and acquisitions, merger integration, organisation and performance improvement. The companies he has advised include those in shipping, offshore & marine, industrial products, automotives, infrastructure, commodities, airlines and telecommunications.

For FY 2014, the Nominating Committee is satisfied that the Board and the board committees comprised directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Group and the core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the board committees to be effective.

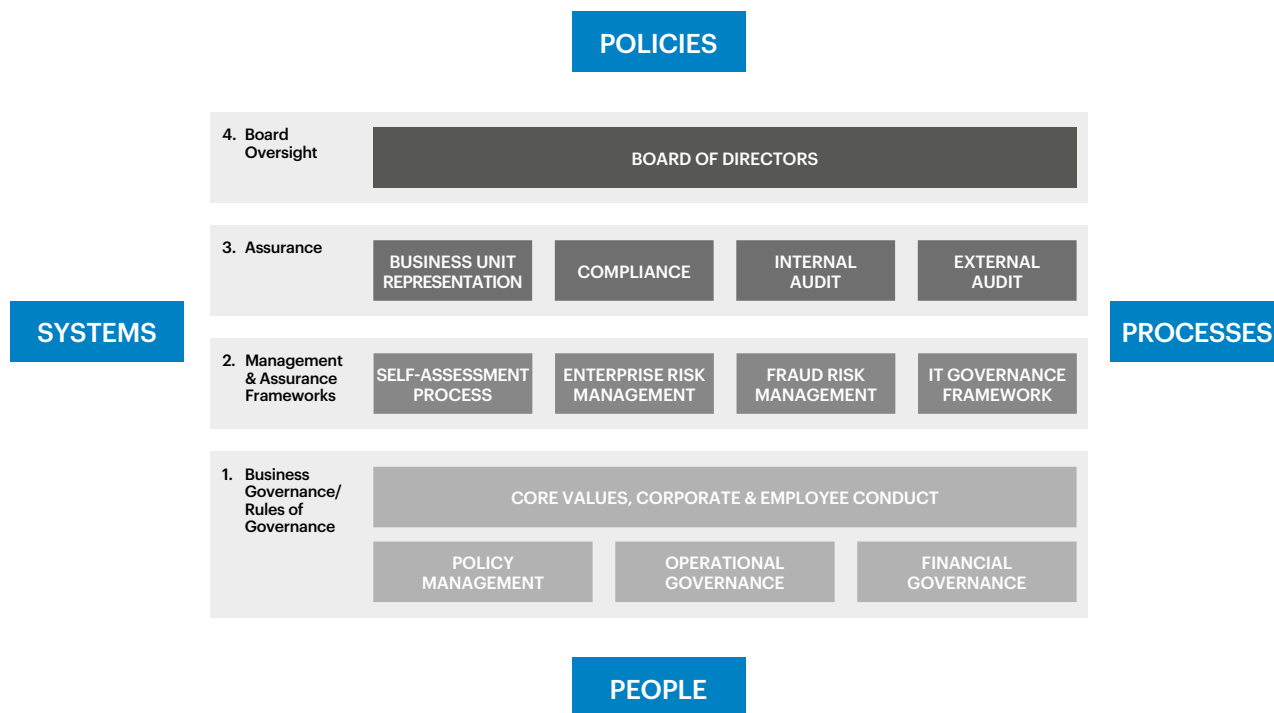
Our directors are also provided with continuing education in areas related to their duties and responsibilities, as well as the Group's businesses and industries in which the businesses operate. All newly-appointed directors will also undergo a comprehensive orientation programme which includes management presentations on the Group's businesses and strategic plans and objectives, and site visits.

Please refer to pages 92 to 123 of Keppel Corporation's Report to Shareholders 2014 for details on the corporate governance framework and practices.

RISK MANAGEMENT & INTERNAL CONTROLS

The Keppel Group considers it important that all employees understand the rules of conduct for which they are accountable, in accordance with the laws and regulations of all the countries in which the Group operates, and our own

KEPPEL'S SYSTEM OF MANAGEMENT CONTROLS (KSMC)



group policies. Keppel employees must always act with the highest integrity, guided by the Keppel Core Values.

The Board, assisted by the Board Risk Committee, is responsible for the governance of risks and ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets. The Board Risk Committee reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks and reports to the Board on material findings and recommendations in respect of significant risk matters.

The Group is guided by these three Risk Tolerance Guiding Principles:

- (1) Risk taken should be carefully evaluated, commensurate with rewards and in line with the Group'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 the entire Group.
- (3) The Group adopts zero tolerance towards safety incidents, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

The Company also has in place a Risk Management Assessment Framework which was established to facilitate the Board's assessment on the adequacy and effectiveness of the Group's risk management system. The framework spells out the governing policies, processes and systems pertaining to each of the key risk areas of the Group, and assessments are made on the adequacy and effectiveness of the Group's risk management system in managing each of these key risk areas.

The Audit Committee regularly examines the effectiveness of the Group's internal control system to, amongst others, mitigate the risk of fraud. By way of enforcement, the Group's internal auditors assist the Audit Committee to ensure that the

Company maintains a sound system of internal controls through the regular monitoring of key controls and procedures, and ensuring their effectiveness, undertaking investigations as directed by the Audit Committee and conducting regular in-depth audits of high risk areas.

The Group's internal auditors also conduct annual reviews of the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology (IT) controls, and risk management, thereby serving as an active mechanism for the detection and deterrence of fraud.

The Group also has in place Keppel's System of Management Controls Framework outlining the Group's internal control and risk management processes and procedures which comprises, amongst others, fraud risk management processes such as mandatory conflict of interest



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declarations by employees in high-risk positions and the implementation of policies such as the Keppel Whistle-Blower Protection Policy and Employee Code of Conduct, to establish a clear tone at the top with regard to employees' business and ethical conduct.

In FY 2014, a holistic IT governance framework was put in place to establish and maintain IT controls, as well as manage and mitigate IT risks. This framework forms part of the management and assurance framework and is a key element under Keppel's System of Management Controls, and adopts global best practices such as COBIT, ITIL and ISO 27001.

Please refer to pages 106 to 108 of Keppel Corporation's Report to Shareholders 2014 for details on Keppel's System of Management Controls Framework.

REMUNERATION FRAMEWORK & POLICY

The Remuneration Committee assists the Board to ensure that remuneration policies and practices are sound in

that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholder value. Besides recommending to the Board for endorsement a framework of remuneration and the specific remuneration packages for each director and key management personnel, the Remuneration Committee also reviews the remuneration of senior management and administers the KCL Share Option Scheme in respect of the outstanding options granted prior to the termination of the KCL Share Option Scheme in end 2010, the KCL Restricted Share Plan (the "KCL RSP") and the KCL Performance Share Plan (the "KCL PSP", together with KCL RSP, the "KCL Share Plans"). To enhance objectivity, the Remuneration Committee currently comprises five non-executive directors, four of whom (including the Chairman) are independent.

Executive directors & other key management personnel

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market, Company's, business unit's and individual

employee's performance. In designing the compensation structure, the Remuneration Committee seeks to ensure that the level and mix of remuneration are competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation.

The total remuneration mix comprises three key components; that is, annual fixed cash, annual performance incentive, and the KCL Share Plans. The annual fixed cash component comprises the annual basic salary

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Annual General Meetings serve as platforms for shareholders to engage with the Board and senior management.

plus any other fixed allowances which the Company benchmarks with the relevant industry market median. The annual performance incentive is tied to the Company's, business unit's and individual employee's performance, inclusive of a portion which is tied to the Economic Value Added (EVA) performance. The EVA performance incentive plan and the KCL Share Plans are both long-term incentive plans. Executives who have a greater ability to influence Group outcomes have a greater proportion of overall reward at risk.

The Remuneration Committee exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the Company. The mix of fixed and variable reward is considered appropriate for the Group and for each individual role.

The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of shareholder wealth. This link is achieved in the following way:

- (a) By placing a significant portion of executives' remuneration at risk ("At Risk component") and in some cases, subject to a vesting schedule;
- (b) By incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives:
 - a. There are four scorecard areas that the Company has identified as key to measuring the performance of the Group – (i) Commercial/Financial; (ii) Customers; (iii) Process; and (iv) People;
 - b. The four scorecard areas have been chosen because they support how the Group achieves its strategic objectives. The framework provides a link for staff in understanding how they

contribute to each area of the scorecard, and therefore to the Company's overall strategic goals. This is designed to achieve a consistent approach and understanding across the Group;

- (c) By selecting performance conditions such as Return on Equity (ROE), Total Shareholder Return and EVA for equity awards that are aligned with shareholder interests;
- (d) By requiring those KPIs or conditions to be met in order for the At Risk components of remuneration to be awarded or to vest; and
- (e) By forfeiting the At Risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

The Remuneration Committee also recognised the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the compensation structure, the Remuneration Committee had taken into account the risk policies and risk tolerance of the Group as well as the time horizon of risks, and incorporated risk-adjustments into the compensation structure through several initiatives, including but not limited to:

- (a) Prudent funding of annual cash incentives;
- (b) Bonus deferrals under the EVA performance incentive plan;
- (c) Vesting of contingent share awards under the KCL Share Plans being subject to KPIs and/or performance conditions being met; and
- (d) Potential forfeiture of variable incentives in any year due to misconduct.

The Remuneration Committee is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Group's risk profile.

In determining the actual quantum of the variable component of remuneration, the Remuneration Committee had taken into account the extent to which the performance conditions, as set forth above, have been met. The Remuneration Committee is therefore of the view that remuneration is aligned to performance during FY 2014.

In order to align the interests of the senior executive directors and executive director with that of shareholders, the senior executive directors and executive director were remunerated partially in the form of shares in the Company and were encouraged to hold such shares while in the employ of the Company.

Non-executive directors

Each of the non-executive directors (including the Chairman) will receive 70% of his total directors' fees in cash and 30% in the form of KCL shares ("Remuneration Shares") (both amounts subject to adjustment as described below). The actual number of Remuneration Shares, to be purchased from the market on the first trading day immediately after the date of the Annual General Meeting ("Trading Day") for delivery to the respective non-executive directors, will be based on the market price of the Company's shares on the Singapore Exchange Securities Trading Limited (the "SGX") on the Trading Day.

The actual number of Remuneration Shares will be rounded down to the nearest thousand and any residual balance will be paid in cash. Such incorporation of an equity component in the total remuneration of the non-executive directors is intended to achieve the objective of aligning the interests of the non-executive directors with those of the shareholders and the long-term interests of the Company.

The aggregate directors' fees for non-executive directors is subject to shareholders' approval at each annual general meeting.

Please refer to pages 99 to 104 of Keppel Corporation's Report to Shareholders 2014 for details on the remuneration framework.

AWARENESS & TRAINING

The Group has communicated a comprehensive set of policies to all employees as part of its Group-wide commitment to maintain a robust system of risk management and internal controls. These policies are disseminated via email and accessible to all employees. As and when there are updates to the policies, the updated policies are broadcasted to all employees via e-mail.

The Company has in place an Employee Code of Conduct to, amongst other matters, set the tone in relation to the Group's anti-bribery stance and position as regards, in particular, gifts and hospitality, facilitation payments and dealings with associates, and generally sets out the principles of business conduct expected of all employees. It also requires all employees and officers of the Group to avoid any conflict between their interests and interests of the Group in dealing with suppliers, customers and other third parties.

All new employees are provided a copy of the Employee Code of Conduct and are required to acknowledge their understanding of its content. In 2014, all 9,139 new employees acknowledged that they have read and understood the policy. To further mitigate risks of corruption and fraud, business units have also set in place their respective operational policies and standard operating procedures, including approval limits for financial commitment and procurement policies. In addition, 5,857 employees have received training on anti-bribery practices and requirements via an e-training module.

In addition, to further emphasise Keppel's zero-tolerance approach to bribery and corruption, the Keppel Group Anti-Bribery and Corruption Statement was formulated and endorsed by the Company's Chairman,

Chief Executive Officer and Chief Financial Officer in 2014, and was circulated Group-wide to set the tone at the top. In January 2015, another letter from the Chief Executive Officer was circulated as a reminder of Keppel's anti-corruption stance and employees' responsibilities, highlighting that the payment of bribes to agents of customers in order to win business for the Company were offences, even when there was no personal gain on the part of the individual concerned.

The Group also has an Interested Person Transaction policy which requires all business units to report interested person transactions ("IPTs"). On a quarterly basis, management reports to the Audit Committee, which comprises independent directors, the IPTs in accordance with the Company's shareholders' mandate for IPTs. The IPTs are reviewed by the internal auditors. All findings are reported during Audit Committee meetings. In addition, being a listed company on SGX, a general shareholders' mandate for recurring IPTs of a revenue or trading nature or those necessary for the Company's operations will be sought at every annual general meeting. Material IPT will have to be specifically approved by shareholders in a general meeting. Both the mandate and specific shareholders' approval sought will have to undergo a strict review and approval procedures from SGX.

In addition, the Company also has an Insider Trading Policy, Guidelines on Disclosure of Dealings in Listed Securities and Competition Law Compliance Manual which are made available to all employees, to further strengthen corporate governance in the respective areas.

REPORTING & INVESTIGATION

Keppel's Whistle-Blower Protection Policy took effect on 1 September 2004 to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes through which such reports may be made with

confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Group or contract worker appointed by a company within the Group, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:

- (a) Dishonest, including but not limited to theft or misuse of resources within the Group;
- (b) Fraudulent;
- (c) Corrupt;
- (d) Illegal;
- (e) Other serious improper conduct;
- (f) An unsafe work practice; or
- (g) Any other conduct which may cause financial or non-financial loss to the Group or damage to the Group's reputation.

The Audit Committee had reviewed the policy and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the Audit Committee is guided by a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

For more details on the reporting and investigation mechanism under the Keppel Whistle-Blower Protection Policy, please refer to pages 113 to 114 of Keppel Corporation's Report to Shareholders 2014.

RISK MANAGEMENT

As a conglomerate operating in 30 countries, Keppel is exposed to diverse risks. Such risks relate to its industries, competition, technology advancement, political and regulatory changes, finance and human resources, markets, project management, cost escalation, dependency on suppliers and subcontractors, partnerships, disruptions to supply chains, catastrophic events, environmental, social and governance, among others, which could impact its businesses.

ROBUST PRINCIPLES & FRAMEWORK

The Group responds to these potential threats by maintaining a robust risk management system and processes, which enable it to manage the challenges, as well as seize opportunities.

As a Group, we take a balanced approach to risk management. We recognise that not all risks can be eliminated, especially in instances where the cost of minimising these risks outweighs the potential benefits. To optimise returns for the Group, we only undertake appropriate and well-considered risks.

RISK TOLERANCE GUIDING PRINCIPLES

Our Board has put in place risk tolerance guiding principles for the Group which determine the nature and extent of significant risks which our Board is willing to take in achieving its strategic objectives. The risk tolerance guiding principles are as disclosed on page 23 of this report.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Keppel's Enterprise Risk Management (ERM) framework, a component of Keppel's System of Management Controls Framework, provides the Group with a holistic and systematic approach in risk management. The ERM framework outlines the

reporting structure, monitoring mechanisms and specific risk management processes and tools, including Group policies and limits, in addressing the key risks faced by the Group. The ERM framework thus enables the Group to closely monitor any potential operational, financial and reputational impact arising from its key risks.

To take into account changes in the business and operating environment and evolving corporate governance requirements, the ERM framework is reviewed regularly. The ERM framework adapts risk management best practices set out in the ISO 31000 standard for Risk Management, ISO 22301 for Business Continuity Management, Guidebook for Audit Committees (2014) and the 2012 Code.

Risk management is an integral part of decision-making processes at all levels of the Group. A discussion on the Group's strategic, operational and financial risks is included in pages 124 to 125 of Keppel Corporation's Report to Shareholders 2014.

As a pre-emptive measure, project reviews and quality assurance programmes are instituted to monitor and address key risks involving cost, schedule and quality at the execution stage. Project teams and management adopt a systematic risk management process and apply risk management tools, such as the risk assessment criteria matrix, to evaluate the likelihood and impact of risks.

Key risk indicators are tracked as early warning signals to monitor related execution risks. Risk registers at the company, department and project levels serve to guide risk owners in identifying, assessing, mitigating and monitoring key risks. As part of the ongoing risk monitoring, regular reports on significant risk projects, concentration exposures and business continuity updates are reviewed by the Board Risk Committee.

HEALTH, SAFETY & ENVIRONMENTAL RISKS

Health, safety and environmental risks are key areas that are subject to close monitoring and oversight by dedicated committees.

Each business unit has its own safety management system that is externally audited by independent consultants. The Board Safety Committee reviews and examines the effectiveness of Group companies' safety management systems, including training and monitoring, to ensure the systems are robust.

Key business units in the Group identify and mitigate risks pertaining to significant environmental issues through establishing and implementing environmental management systems and procedures with reference to the internationally-recognised ISO 14001 standard.

CORRUPTION & FRAUD

The Group's risk-related policies and limits are subject to regular review to ensure that they address business risk adequately and effectively. Heads of key business units are also required to confirm each year to the Company's Board that to the best of their knowledge and belief, there was no violation of any anti-bribery or anti-corruption laws of the countries where the respective business unit carries out its business.

Given our global presence, we recognise that the risk of corruption and fraud may be higher in some countries. Besides ensuring that all employees adhere to our Employee Code of Conduct, which prohibits bribery and corruption, among other unethical behaviours, measures to minimise the risk of corruption and fraud are integrated into our regular risk reporting mechanisms, which include country risk reports.

Environmental Performance

01



Keppel is committed to conduct its businesses in an environmentally-benign manner. We continue to demonstrate this commitment through responsible management of the environmental risks and impacts of our operations.

01

The green features of Keppel Datahub 2 (right) enable us to provide high quality data centre solutions in an environmentally-friendly manner.

128m kWh

Per annum potential energy savings from 46 BCA Green Mark-certified developments when completed.

530,983 GJ

Of energy savings expected through the enhancement of energy efficiency, optimisation of operations and processes and technological improvements implemented in 2014.

PERFORMANCE OVERVIEW



WHAT WE SAID IN 2014

- Keppel Land to ensure that all completed commercial buildings in Singapore meet at least the BCA Green Mark Gold^{Plus} standard in 2015.
- Ensure staff are familiar with the newly launched sustainability reporting platform and aim to consolidate and report data on a more regular basis.



WHAT WE DID IN 2014

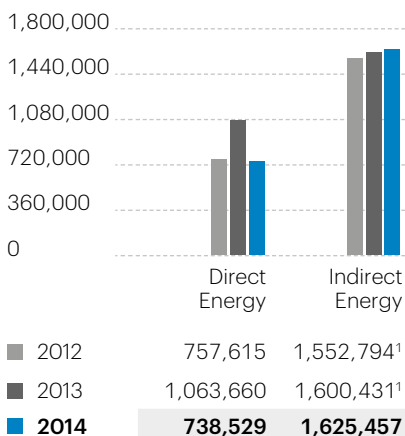
- Keppel Land won eight BCA Green Mark awards in 2014, increasing the company's total Green Mark awards to 47.
- The Group rolled out a web-hosted integrated sustainability reporting platform. Training sessions, both Group-wide and within individual businesses, were conducted to enhance staff familiarity with the system.



WHAT WE PLAN TO DO

- Continue to enhance resource efficiency across the Group.
- Enhance environmental considerations in our businesses.
- Evaluate opportunities to significantly reduce, avoid or offset carbon emissions.
- Keppel Land to ensure that all completed commercial buildings in Singapore meet at least the BCA Green Mark Gold^{Plus} standard in 2015.

SINGAPORE OPERATIONS DIRECT & INDIRECT ENERGY CONSUMPTION (GJ)



¹ Keppel Infrastructure redefined the scope of electricity (and hence the emissions arising from the consumption of electricity) for its Waste-to-Energy plants to include only electricity that is imported from the grid. Indirect energy used in Singapore operations in 2012 and 2013 are recalculated based on the revised definition of indirect electricity consumption by Keppel Infrastructure's WTE plants.

We firmly believe in operating our businesses responsibly by understanding and managing the environmental impact of our businesses. We continue to seek out opportunities to further improve our environmental performance, focusing on issues that are material to our businesses and the associated risks and opportunities.

This environmental performance report includes the performance of the Group's major subsidiaries in Singapore, as well as overseas operations in which the Group has significant ownership. This includes Keppel Offshore & Marine (Keppel O&M) and its significant subsidiaries, Keppel FELS, Keppel Shipyard and Keppel Singmarine; Keppel Infrastructure, Keppel Telecommunications & Transportation (Keppel T&T) and Keppel Land.

Due to commercial sensitivity, direct energy consumption and carbon emissions arising from Keppel Infrastructure's power generation operations are excluded from this report.

ENERGY

The Keppel Group's energy demand comprises a mix of direct and indirect sources of energy. Direct energy refers to primary sources of energy consumed on site by our operations whereas indirect energy is electricity purchased from external suppliers. The Group's primary energy source is diesel. Other direct sources of energy are petrol, furnace oil and Liquefied Petroleum Gas (LPG) and do not include any renewable sources.

In 2014, the Group consumed 1,081,889 gigajoules (GJ) of direct energy and 2,115,253 GJ of indirect energy or electricity.

Our Singapore operations consumed 738,529 GJ of direct energy in 2014, which is approximately 30% lower than the previous year. This was mainly due to the fuel efficiency initiatives implemented Group-wide and reduced diesel consumption as a result of less boiler shutdowns at our Waste-to-Energy (WTE) plants.

The indirect energy used in Singapore operations saw a slight increase of 1.5% from 1,600,431¹ GJ in 2013 to 1,625,457 GJ in 2014.

The Group has implemented various energy efficiency initiatives across its businesses. Keppel DHCS implemented a real-time utility Optimisation and Modelling system at its Woodlands plant in Singapore to optimise plant performance. The system included the installation of Variable Speed Drives (VSDs) in pumps and cooling towers. The potential annual savings from this system are estimated to be some 2,300 megawatt-hours (MWh) of electricity.

We have begun to harness renewable energy with the one megawatt peak (MWp) photovoltaic cell installation on the rooftops of Keppel Seghers Ulu Pandan NEWater Plant, which generated some 1,300 MWh of renewable energy in 2014.

In 2014, the Group implemented new initiatives that are expected to save 530,983 GJ of energy. These savings are expected to be achieved through the optimisation of operations and processes and technological improvements, including the adoption of more sustainable building design and materials, the use of energy-efficient equipment and devices, as well as process improvements.

GREEN INFRASTRUCTURE

Keppel Datahub 2 set a benchmark by becoming the first newly built data centre in Singapore to achieve the Platinum Award for BCA-IDA Green Mark, the highest green accolade conferred by Singapore's Building & Construction Authority (BCA) and Infocomm Development Authority (IDA) for data centre developments. Keppel Datahub 2

was also awarded the Leadership in Energy and Environmental Design (LEED) GOLD certificate in Core and Shell by the U.S. Green Building Council.

Keppel Logistics' Tampines Logistics Hub was awarded the BCA Green Mark Gold award for its eco-friendly design features. These include its façade with high thermal performance that reduces solar heat gain, natural cross ventilation that reduces energy consumption on cooling, energy-efficient air-conditioning and lighting, and use of sustainable architectural products with recycled content to reduce environmental impact during construction.

GREEN BUILDINGS

Keppel Land won the BCA Green Mark Champion award in 2014 for its outstanding achievements in environmental sustainability.

By 2015, all of Keppel Land's completed properties in Singapore will meet the Green Mark Gold^{Plus} standard. All new projects in Singapore and overseas will also achieve at least the BCA Green Mark Gold^{Plus} and Gold standards respectively.

To date, Keppel Land has a total of 47 BCA Green Mark awards in Singapore and overseas. The potential energy savings from these developments when they are completed are estimated to be over 128 million kilowatt-hours (kWh) per annum.

WATER

The Group's total water consumption consists of potable water, NEWater (treated wastewater from sewage), recycled water and water drawn from rivers. In 2014, the Group consumed 5,556,821 cubic metres (m³) of water, registering a slight reduction of approximately 1.1%, as compared to 5,622,658 m³ in 2013. The Group will continue to drive its water conservation efforts through the promotion of water-saving practices, adoption of water-efficient technologies and equipment, as well as process improvements.

Our operations in Singapore consumed 3,980,286 m³ of water (potable and NEWater) in 2014 compared to 4,144,124 m³ in 2013, marking a nearly 4% decrease in total water consumption from the previous year. This was largely due to the various water conservation projects and process optimisations implemented.

Keppel Infrastructure's Senoko WTE Plant began the daily monitoring of domestic water consumption to enable prompt detection and rectification of any irregularity in water consumption. Button orifices were also installed on its taps to prevent wastage. This has helped Senoko WTE Plant reduce its potable water usage by more than 40%, from 24,262 m³ in 2013 to 13,659 m³ in 2014.

To reduce the strain on potable water sources, the Group continued its water recycling efforts in 2014. Keppel Infrastructure's Senoko WTE Plant and Keppel O&M's AmFELS yard recycled a combined total of 57,445 m³ of water in 2014, which is equivalent to approximately 1% of the Group's total water consumption.

WASTE

The Group strives to minimise waste generation, increase opportunities for reuse and recycling, as well as treat and dispose of waste responsibly where other options are not practicable. For example, scrap metals are collected at our shipyards and WTE plants for recycling while office papers are collected and recycled across the Group's businesses.

The Group recycled 216,073 tonnes (t) of refuse in 2014. Waste recycled included ferrous scrap, grits, plastic stretch wrap, paper and other office consumables. Singapore operations recycled 178,912 t of waste in 2014, which is approximately 14% higher than the 156,759 t of waste recycled in 2013.

In land-scarce Singapore, refuse is incinerated to reduce the volume of waste and remove harmful substances before disposal at the landfill. A total of 40,524 t of waste was sent for



Special Focus
**INTEGRATING
 ENERGY EFFICIENCY**

With round-the-clock operations in our 20 yards worldwide, we are keenly aware that being energy-efficient is beneficial for business and the environment.



To consolidate energy-saving ideas, strengthen management and employee commitment to energy efficiency and inspire new initiatives, Keppel O&M held its first Energy Saving Initiatives Workshop in early 2015.

During the workshop, Keppel O&M's business units shared on their energy-saving initiatives, such as:

- In 2014, Keppel FELS' use of an additive treatment on one of its air-cooled chillers achieved savings of more than 100,000 kWh of electricity per year. The additive allowed higher chiller efficiency which translated into energy savings.
- Keppel FELS installed skylights at selected workshops, achieving savings of more than 30,000 kWh of electricity per year. Skylights are translucent roofings which allow natural daylight to penetrate and illuminate work spaces, reducing the need for electrical lighting.
- Keppel Shipyard implemented regenerative energy systems in the hoist drives, luffing drives and slewing drives of their cranes, achieving about 13%, 32-37% and 66% respectively of regenerated electricity. In general crane drive systems, energy loss through braking is identified as potential energy recovery areas.

01

We have been implementing energy-saving initiatives in our yards, such as using natural lighting in covered workshops.

By implementing regenerative energy systems, the recovered energy can be re-channelled back to the power grid.

- Keppel Shipyard replaced the halogen-based lights at the bottom of the drydocks with induction lights, achieving 80% of energy savings per set of lights replaced. This resulted in more than \$120,000 worth of cost savings per year.
- Keppel Singmarine used non-powered exhaust extractors, instead of conventional loud portable ventilators which require 220V of power. This reduced energy consumption and noise emissions.

incineration in 2014, registering a slight increase of 0.7% compared to 40,225 t in 2013. A total of 41,740 t of waste was sent for incineration from the Group's Singapore and overseas operations in 2014. As incineration of refuse is prohibited in the Philippines, Keppel Shipyard disposed 3,146 t of municipal waste at landfill sites in the Philippines in 2014.

There were no reports of spillages and sanctions administered by Singapore or overseas authorities on the Group in 2014.

EMISSIONS & EFFLUENTS GHG EMISSION²

Keppel aims to achieve a 16% improvement in its Greenhouse Gas (GHG) intensity indicator from 2020 business-as-usual (BAU) levels. The target is aligned with the Singapore government's pledge to reduce GHG by 16% below 2020 BAU levels, contingent on a legally binding global agreement³.

The main drivers for the management of carbon in the Keppel Group include:

- To reduce impact on the environment;
- To safeguard against the financial and reputational risks associated with carbon regulation; and
- To manage energy supply risk and the impact of rising energy costs.

The Group's strategy in carbon management is to provide a basis for identifying, implementing, monitoring and tracking the carbon management action plans of the various business units. The key themes of this strategy include:

- Improve energy consumption information monitoring;
- Optimise operational efficiencies;
- Adopt more energy-efficient equipment and technology;
- Explore alternative energy sources;
- Imbue stakeholders with an environmentally-conscious mindset.

In 2014, direct emissions from the use of fuels and the incineration of waste at WTE plants for the Group amounted to 608,436 tonnes of carbon dioxide (t-CO₂) while indirect emissions from electricity use was 270,177 t-CO₂.

The Group's total direct emissions for Singapore operations increased by 4.1% to 578,725 t-CO₂ in 2014, mainly due to more refuse being incinerated at Keppel Infrastructure's WTE plants, as well as the use of liquid CO₂ as a shielding gas at the shipyards.

Indirect emissions from Singapore operations decreased by 8.4% to 202,747 t-CO₂ in 2014, largely due to a combination of the implementation of energy efficiency initiatives, a lower electricity grid emission factor and the redefinition of indirect electricity for WTE plants¹.

OTHER EMISSIONS

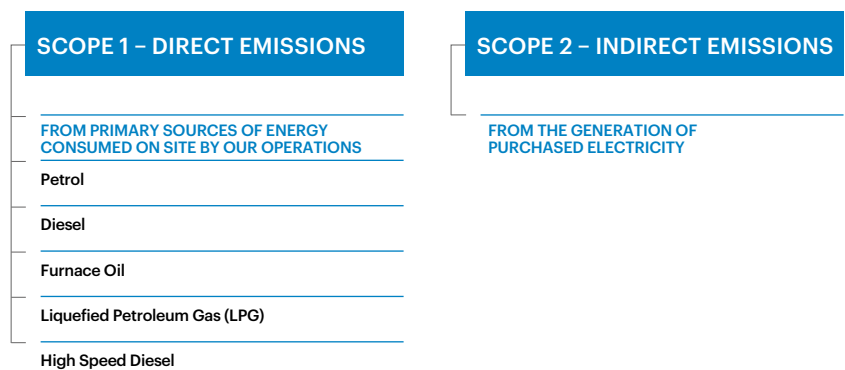
Keppel Infrastructure continued to take an active role in managing the emissions from its operations. Nitrogen oxide and sulphur dioxide emitted from the three plants under Keppel Infrastructure remain far below the emission standards of 700 milligrams per normal cubic metre (mg/Nm³) and 500 mg/Nm³

respectively, as stipulated by Singapore's National Environment Agency's (NEA) Code of Practice on Pollution Control.

In 2014, dust or particulate matter emitted by Senoko WTE Plant and Keppel Seghers Tuas WTE Plant were 9.42 mg/Nm³ and 21.74 mg/Nm³ respectively, well below the NEA emission standard of 100 mg/Nm³.

The Group also innovates solutions for our customers to manage emissions. KOMtech developed an exhaust gas desulfurisation system for marine engine exhausts, enabling ship owners to mitigate environmental impact when using conventional marine fuel oil in all sea areas designated as Emission Control Areas (ECAs). The system is capable of handling gas emissions from 1 MW to 30 MW engines using a single scrubber. The waste effluent discharged from the scrubber is decontaminated by an effective separation process that removes all lighter and heavier ends of the captured pollutants.

Classification of GHG emissions from our operations:



² The GHG conversion factors used for Scope 1 (direct emissions) are based on the United Kingdom's Department for Environment, Food and Rural Affairs (DEFRA) 2014 Government GHG Conversion Factors for Company Reporting. The GHG conversion factors for Scope 2 (indirect emissions) are based on the "Electricity Grid Emission Factor" for 2014 from Singapore's Energy Market Authority. The GHG emission Scopes 1, 2 and 3 are defined by the GHG Protocol, whereby Scope 1 refers to emissions from company-owned and operated facilities, machines, vehicles, etc.; Scope 2 refers to emissions from the generation of purchased electricity consumed by the company; Scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company, such as employee commuting, business travel and the purchase of office supplies. The Group does not report on Scope 3 emissions as the boundaries for such emissions are very broad, and it is presently not feasible to track such data for a credible Scope 3 assessment.

³ The baseline year is 2009 for Keppel FELS, Keppel Shipyard, Keppel Singmarine and Keppel Merlimau Cogen, and 2010 for Keppel Logistics, Keppel Land, Keppel DHCS and Keppel Infrastructure Trust.

As a result, the system can be operated in all ECA waters under the most stringent regulations.

GREEN PRACTICES

The Group continues to implement projects to enhance energy efficiency. Apart from upgrading existing lighting and air-conditioning units into more efficient ones, smart controls equipment such as sensors and timers have been installed to optimise utility usage. In addition, energy-saving devices such as VSDs have been installed progressively at plants and

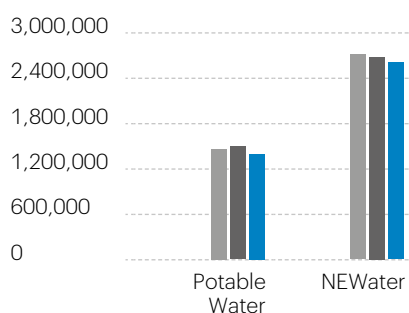
facilities to improve motor efficiency. As for built environments, designs that make use of natural lighting and ventilation, as well as green building materials, are considered at the planning stage to enhance the sustainability of new facilities.

We provide training and development opportunities to strengthen our employees' capabilities in managing sustainability. Keppel Land is developing a talent pool of professionals with expertise in green technologies and sustainable built environments. To

date, about half of all Keppel Land's project and property managers have been trained as Green Mark Managers, Green Mark Facilities Managers, Green Mark Professionals or Singapore Certified Energy Managers (SCEM).

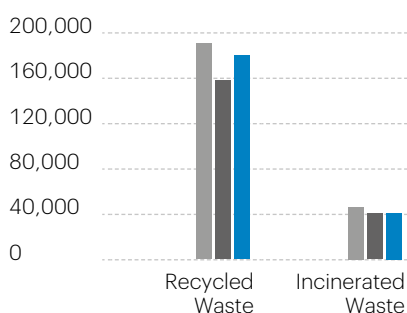
At Keppel O&M, Carbon Management Project Managers and Assistant Project Managers are sponsored by the group to be trained as SCEMs at the Professional Level to build up their competencies in energy management.

SINGAPORE OPERATIONS POTABLE WATER & NEWATER USED (m³)



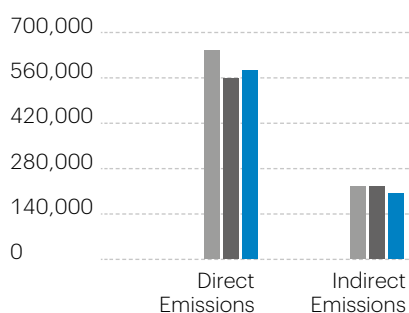
2012	1,452,747	2,692,900
2013	1,483,679	2,660,445
2014	1,386,505	2,593,781

SINGAPORE OPERATIONS RECYCLED WASTE & INCINERATED WASTE (t)



2012	189,371	45,848
2013	156,759	40,225
2014	178,912	40,524

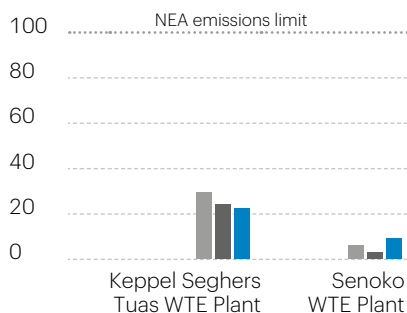
SINGAPORE OPERATIONS DIRECT EMISSIONS & INDIRECT EMISSIONS (t-CO₂)



2012	639,927	221,963
2013	555,814	221,311
2014	578,725	202,747

Note: Indirect emissions from Singapore operations in 2012 and 2013 are recalculated based on the revised definition of indirect electricity consumption by Keppel Infrastructure's WTE plants.

AVERAGE PARTICULATE MATTER EMISSIONS FOR KEPPEL'S WTE PLANTS (mg/Nm³)



2012	29	6
2013	24	3
2014	22	9

Note: The figures for recycled waste in 2012 have been restated to account for corrections to historical data.

Throughout the years, we have supported conservation events such as Worldwide Fund for Nature's annual Earth Hour. In 2014, our business units participated by turning off non-essential lights for an hour. We also took the opportunity to promote the importance of energy conservation to our employees through emails, posters and volunteer activities.

ENGAGING STAKEHOLDERS

We continuously engage with our stakeholders to spread environmental consciousness.

In 2014, Keppel Land collaborated with Royal Philips to offer its tenants a zero-capex scheme to replace existing conventional office lamps with energy-efficient Light-Emitting Diode (LED) lighting. The projected cost efficiencies of up to 60% will be shared by Royal Philips and the tenants. To further promote the adoption of green initiatives and practices among tenants, Keppel Land distributed Green Fit-Out and Green Office Operation Guides.

Since 2013, Keppel Logistics Singapore has introduced green standards in its supplier selection process, with the aim of gradually aligning them with the company's environmental policy. The company also carries out annual reviews on its subcontractors' performance and internal staff surveys to identify any misalignment or legal violations. Thus far, no such incidences have been reported.

Product Excellence

01



An innovative spirit, world-class quality and execution excellence distinguish the Keppel brand in an increasingly competitive global arena. Committed to uphold best practices, we actively engage our customers to ensure a high level of satisfaction for our products and services.

21 Rigs

Delivered in 2013, earning Keppel FELS the Guinness World Record in 2014 of "largest manufacturer of offshore rigs".

47 BCA Green Mark

Awards achieved by Keppel Land to date.

01

Keppel is committed to deliver value-added solutions in a timely and safe manner within our customers budgets.

PERFORMANCE OVERVIEW



WHAT WE SAID IN 2014

- Sharpen focus on research and development (R&D) and technology innovation.
- Continue to actively engage customers with regular feedback sessions.



WHAT WE DID IN 2014

- Keppel FELS secured a first contract for the ultra-high specification KFELS N Plus jackup rig design and delivered two of the world's largest jackups.
- Work progressed on schedule for Keppel's first CAN-DO drillship.
- Keppel Shipyard secured two contracts to perform the world's first-of-its-type Floating Liquefaction Vessel conversions.
- Keppel Telecommunications & Transportation implemented a Customer Relationship Management system to enhance operational effectiveness and efficiency.



WHAT WE PLAN TO DO

- Continue to invest in R&D and technology, especially for innovative offshore solutions for areas beyond drilling.
- Continue to review our processes and strengthen our systems.

MANAGEMENT PHILOSOPHY

Underpinned by our core values of "Customer Focus" and "Agility and Innovativeness", Keppel delivers value-added solutions in a timely and safe manner within our customers' budgets. We foster close relationships with our customers to understand their evolving needs and strengthen our product and service offerings. Committed to uphold execution excellence, we strive to meet and surpass our customers' expectations. We will continue to seek opportunities to partner trend-setting customers in developing solutions, especially for new offshore frontiers, and to sharpen our technology know-how.

We are configured with our financial and organisational strengths to navigate challenging terrain and scour new markets, offer innovative solutions

and execute projects with precision and enhanced productivity.

The reporting scope of this section is similar to that of the Environmental Performance section (please see page 29).

BEST PRACTICES

Keppel is committed to provide consistently high-quality products and services to customers worldwide through our operations in 30 countries. We constantly monitor and review our processes and strengthen our systems to better manage risks while increasing productivity.

Our key business units are certified to ISO 9001, ISO 14001 and OHSAS 18001 standards, demonstrating our commitment to uphold internationally-recognised standards of product quality, environmental

protection and occupational health and safety. Please refer to pages 6 and 11 to 14 for details on our certifications and awards respectively.

OFFSHORE & MARINE

Helping our Offshore Division is Keppel FELS, a leading designer, builder and repairer of high-performance mobile offshore rigs that delivered its milestone 100th jackup rig in early 2015. Of these deliveries, more than half were based on our proprietary KFELS B Class jackup design, which commands a market share of about a quarter of all jackup rigs delivered since 2000. Both the KFELS B Class jackup rig and KFELS SSDT™ semisubmersible (semi) drilling tender designs are often singled out for their contributions to sustainable operations and the safety and wellbeing of their rig crews.

Product Excellence

01

Burnishing its reputation for execution excellence, Keppel FELS was conferred the Guinness World Record for "largest manufacturer of offshore rigs".

Spurred by a robust culture of innovation, Keppel stays at the forefront of its chosen industries with a disciplined commitment to research and development.

Burnishing Keppel's reputation for execution excellence, Guinness World Records named Keppel FELS the "largest manufacturer of offshore rigs" in 2014 for delivering 21 rigs the year before. The feat underscored the seamless teamwork of our people and strong executional capabilities of the yard.

In 2014, Keppel Shipyard completed 418 vessel repair projects, an increase of 9% from 2013. Most of these repair projects were for repeat customers, signalling strong satisfaction and relationships. Keppel Shipyard also completed 117 FPSO, FSO, FSRU conversions and upgrading projects. With an average of seven conversions completed each year since 2006, the yard continues to be a market leader in this segment.

As part of Keppel's commitment to bring innovative and commercially-viable solutions to the market, Keppel Shipyard is undertaking the world's first-of-its-type Floating Liquefaction Vessel (FLNGV) conversion. The yard is using a construction method that

improves productivity and safety, leveraging its valuable experience from a strong track record of successful conversion projects. By avoiding the extensive pipelines and land dredging and clearing needed to construct onshore liquefaction facilities, FLNGVs will minimise environmental disturbance while increasing the speed and efficiency of the delivery of natural gas—the cleanest fossil fuel—to the market.

Blue Ocean Solutions, a Keppel Offshore & Marine (O&M) subsidiary, has been developing innovative, environmentally-friendly and fuel-efficient solutions for vessels. Its Emulsified Fuel System has been gaining traction among ship owners as fuel cost remains the major component of a ships' operation costs. The system provides proven fuel savings of 2% to 5%, on top of reductions in nitrogen oxide emissions by 20%, which complies with the International Maritime Organisation's (IMO) Tier II requirement.



INFRASTRUCTURE

Keppel Infrastructure's Gas-to-Power (GTP) business performed commendably in 2014. Following the upgrading of Keppel Merlimau Cogen's generation capacity from 500 MW to 1,300 MW in 2013, we have been focused on improving the operational efficiency and flexibility of the power plant.

Keppel Seghers, a Keppel Infrastructure subsidiary, remains one of the largest providers of imported Waste-to-Energy (WTE) solutions in China, with 20 plants in operation or under construction. Keppel Seghers' proven technologies stand it in good stead to provide solutions in accordance with the more stringent emission standards announced by the Chinese National Environmental Bureau in 2014. As a testament to its engineering excellence, Keppel Seghers' 4 x 750 tonnes per day WTE plant in Bao'An, Shenzhen, was the only WTE plant to achieve a National Outstanding Engineering Project Gold Medal from the China Association of Construction Enterprise Management in 2014.

The operations of Keppel Logistics, a subsidiary of Keppel Telecommunications & Transportation (Keppel T&T), are equipped with industry technologies such as the Warehouse Management System, Transport Management System and Electronic Data Interchange and Global Positioning System that smoothen process flow, improve data accuracy and ensure goods security. In 2014, the construction of Tampines Logistics Hub, a BCA Green Mark award-winning warehouse facility, was completed.

Keppel Data Centres, also a Keppel T&T subsidiary, continued to operate its data centres at near full occupancy in 2014, helping companies ensure business and IT operations with highly resilient and energy-efficient data centres. Keppel Datahub 2, our newest data centre in Singapore, achieved both

the BCA-IDA Green Mark Platinum and the US Green Building Council's Leadership in Energy and Environmental Design (LEED) Gold awards, affirming our commitment to building and operating green data centres.

PROPERTY

Keppel Land aims for its new projects in Singapore and overseas to achieve at least the Building & Construction Authority (BCA) Green Mark Gold^{Plus} and Gold certifications respectively, with a further target for all completed commercial buildings in Singapore to meet at least the BCA Green Mark Gold^{Plus} standard by 2015. To date, the company has garnered 47 BCA Green Mark awards, including the Green Mark Platinum awards received in 2014 for Bugis Junction Towers and Keppel Bay Tower.

As a leading sustainable developer, Keppel Land was ranked fourth in the Global 100 Most Sustainable Corporations in the World 2015, coming up tops in Asia and amongst real estate companies globally.

GEOGRAPHIC DIVERSIFICATION

Besides strengthening our capabilities in markets where we have an established presence, we continue to tap growth opportunities globally.

Keppel O&M signed a conditional agreement to manage the Titan Shipyard in Quanzhou, China. Once the conditions are met, the yard will fortify our ability to provide high-specification offshore rigs and production vessels for the domestic market in China, where there is continued growth in oil and gas consumption and focus on domestic production.

In 2014, Keppel Land made its maiden investment in the United States with a prime residential development in Manhattan, New York City, while continuing to strengthen its presence in key

markets such as Indonesia, Vietnam and the Philippines.

Keppel Logistics expanded its logistics capabilities to Australia in 2014, managing a 10,000 square metres warehouse in Brisbane for a leading international book publisher, for whom we also provide services in Southeast Asia.

RESEARCH & DEVELOPMENT

Spurred by a robust culture of innovation, Keppel stays at the forefront of its chosen industries with a disciplined commitment to research and development (R&D). In challenging times, such as one driven by a low oil price environment, the importance of R&D is heightened for more robust and cost-effective solutions.

Established in 2007, Keppel Offshore & Marine Technology Centre (KOMtech) drives technology innovation efforts as a key arm of Keppel O&M's Technology Division, which also comprises Offshore Technology Development (OTD), Deepwater Technology Group (DTG) and Marine Technology Development (MTD).

Engaging in technology foresight and conceptualising solutions, KOMtech collaborates with OTD, DTG and MTD, which carry out basic design work, create prototypes and work with early adopters, before handing over prototype designs to Keppel O&M business units for full commercialisation. The business units contribute to the innovation process by providing problem definitions based on customers' feedback.

In 2014, Keppel FELS secured a first contract for the KFELS N Plus rig design. Developed by OTD, this design is an upgrade from the current KFELS N Class that is successfully operating in the harsh environment of the UK North Sea. Configured to enhance capability and performance, the KFELS N Plus rig design features higher preload capacity, better punch-

through resistance, and larger liquid mud storage capacity.

To address a gap in the plug & abandonment (P&A) market, Keppel FELS is embarking on an engineering study with a partner to build one of the world's first jackups with P&A features, to be based on the KFELS J Class design developed by OTD for the harsh environment of the Norwegian North Sea. This will meet demand for cost-effective P&A solutions that enable offshore oil and gas operators to immediately seal unproductive wells, thereby mitigating potential environmental threats in compliance with regulations.

In 2014, Keppel Land signed a Memorandum of Understanding with BCA to join the Green Buildings Innovation Cluster. Under this initiative, Keppel Land will collaborate with BCA and other industry players to explore R&D projects and large scale test-bedding of high-impact innovative technologies.

CUSTOMER HEALTH & SAFETY

The health and safety of our customers in the provision and use of our products and services is of utmost importance to us. We exercise due care and diligence in the design, construction, and operation of our products and services to ensure that they do not pose hazards to customers.

Health and safety impacts during all life cycle stages of the Group's products are constantly assessed, such as in building processes and the usage, storage and disposal of materials. We adhere to policies, procedures and guidelines on environment, health and safety to ensure that health and safety are not compromised in any way.

Keppel O&M designs its offshore rigs to meet and exceed international maritime laws and regulations with regard to customers' health and safety as well as environmental protection. The designs are tailored to



meet stringent coastal regulations that far exceed international regulations.

With a dedicated team that manages all aspects of HSE regulatory developments, all Keppel FELS' rigs are designed and built to IMO Marine Environment Protection Committee standards, where oily discharge overboard is limited to 15 parts-per-million (ppm) of oil content. Keppel FELS' offshore solutions also meet the stringent NORSOK and Norwegian Maritime Authority regulations for safety and working environment.

Our leading proprietary designs such as the KFELS Super A Class harsh-environment jackup, the KFELS MPSEP (multi-purpose self-elevating platform) wind turbine installation vessel, and the KFELS SSAU™ 5000NG next generation semi accommodation unit also meet the HSE requirements in the United Kingdom.

Furthermore, Keppel FELS' rigs are equipped with systems designed to high levels of operational safety. Our DSS™ 38E advanced deepwater drilling rig, DSS™ 20NS floating accommodation vessel and KFELS SSAU™ 5000NG are designed to meet the dynamic positioning class 3 (DP-3) notation. The DP-3

notation denotes one of the highest standards for design safety and system redundancy in self-propelled semi rigs, which allows vessels to continue with automatic positioning and heading control even when an entire compartment is lost due to fire or flood.

Several of Keppel FELS' rigs, including the KFELS SSDT™ semi drilling tender and the KFELS Super A Class harsh-environment jackup rig, feature a superior zero-discharge system to treat hazardous mud and sludge slops from drilling operations with decanters, oily water separators and chemical dosing units and discharge them at 5ppm. By exceeding international standards, we proactively minimise environmental pollution at sites where our customers operate, enhancing their safety and health.

To help vessels comply with IMO's latest emission rules implemented in early 2015, KOMtech is close to completing the development of a proprietary seawater scrubber solution that enables the removal of oxides of sulfur with consistent performance under all possible water conditions.

Keppel Shipyard procures materials and equipment with responsible



Special Focus
**EXPLORING
 INTO THE FUTURE**

Through the Keppel-NUS Corporate Laboratory, Keppel is exploring the potential of deep seabed resources to meet the world's future needs.

Based at the National University of Singapore (NUS) Faculty of Engineering, the laboratory was established in 2013 with an investment of \$75 million to pursue the research thrusts of Future Systems, Future Yards and Future Resources. The theme of Future Resources is growing in pertinence as global demand and consumption of metals continue to rise, fuelling an acute need to look beyond land mining for more sustainable sources of metal and rare earths.

Polymetallic nodules contain copper, nickel, cobalt,

manganese and rare earth minerals, which are essential to sustain an increasingly urbanised and connected world. Found on the seabed at depths of 4,000 to 5,000 metres, the nodules can be collected with minimal environmental impact.

In 2014, Ocean Mineral Singapore (OMS), a subsidiary of Keppel Corporation, received a license from the International Seabed Authority which allows the exploration for polymetallic nodules at a seabed site in the Clarion-Clipperton Fracture Zone of the Pacific Ocean.

As part of the initial process, researchers from Keppel-NUS Corporate Laboratory and leading research institutes conducted environmental impact assessments and studied environmentally-benign exploration and collection of deep sea mineral resources during a 47-day research voyage in early 2015.

Leveraging KOMtech's deepwater R&D expertise, Keppel O&M's engineering capabilities and the scientific expertise of research partners such as NUS, we are exploring commercially-viable ways of harnessing deep seabed resources.



02

58,000

SQUARE KILOMETRES

Area of the seabed exploration site for polymetallic nodules secured by Ocean Mineral Singapore.

01

As a leading developer, Keppel Land creates sustainable live-work-play environments.

02

Under Keppel-NUS Corporate Laboratory's Future Resources research thrust, Keppel is exploring solutions for harnessing deep seabed resources.



Special Focus

GLOBAL SUSTAINABILITY FORERUNNER

As a testament to Keppel's sustainability efforts, our property arm, Keppel Land, has been ranked fourth among the world's top 100 most sustainable companies.

Keppel's sustainability performance has received affirmation in recent years, with Keppel Corporation and Keppel Land being included on several global sustainability indices and receiving various sustainability awards (see page 14). With its fourth place ranking on the Global 100 Most Sustainable Companies 2015, Keppel Land is the highest-ranked Asian and real estate company on the list. The ranking is considered by many to be the gold standard in corporate sustainability analysis and is announced annually at the World Economic Forum.

Developed by Corporate Knights, the ranking uses a data-driven methodology to consider up to 12 quantitative key performance

indicators that assess an organisation's management of resources, employees and finances.

As a leading Asian developer of commercial and residential properties, Keppel Land plays an important role in shaping the cities of the future. A landmark development in Singapore that encapsulates Keppel's innovative drive is the transformation of the former Keppel Harbour into the Keppel Bay waterfront precinct.

Once a ship repair yard that was the birthplace of Keppel, Keppel Bay today comprises the residential developments Caribbean, Reflections and Corals at Keppel Bay, which is currently under construction, along with Marina at Keppel Bay.

Recognised for its design excellence, Reflections at Keppel Bay incorporates energy-efficient features such as double-glazed and low emissivity glass to reduce heat transmission and machine room-less elevators that use substantially less energy than hydraulic elevators. To conserve water, an elaborate filtration system of underground tanks collects and recycles rainwater to irrigate the landscaped areas.

The Marina's berthing area was designed for water to flow freely throughout the marina during the change of tides, allowing nutrients and plankton to be carried along. As a result, Keppel Bay is an underwater sanctuary teeming with over 40 species of marine life.

This remarkable transformation of a shipyard into a lush waterfront precinct demonstrates how Keppel creates sustainable value for our stakeholders, and puts Keppel Land at the forefront of sustainable developers worldwide.

01

Helmed by Keppel Land, the transformation of our first ship repair yard into a lush waterfront precinct shows how we create sustainable value.



01



and reputable vendors, taking into consideration the health and safety impacts during their useful life. Procedures are also in place for proper waste treatment and disposal.

Our Infrastructure Division adheres to health and safety policies and procedures that guide the design, construction and operation of its plants and facilities. Environmental and safety impacts are assessed at operation stages, in accordance with Keppel Infrastructure's environmental and safety management systems which are certified to ISO 14001 and OHSAS 18001 standards.

We consider proper design, handling, storage and disposal of materials as early as the planning stage and review product operation and service performances for improvements in customers' health and safety.

CUSTOMER ENGAGEMENT

"Customer Focus" is a Keppel core value. We believe that customer engagement is essential for sustainable growth and long-term success. We actively seek our customers' feedback and suggestions to help us understand their pressing needs and translate them into improvements on the ground.

Every four months, Keppel FELS surveys customers through

questionnaires and face-to-face interviews. The overall average score for the company in 2014 was 4.6 on a scale of 1 to 6, which is in the 'good' to 'very good' range. Keppel Verolme, Keppel AmFELS and BrasFELS conducted similar customer surveys in 2014 with positive results.

Prior to the awarding of projects, Keppel Shipyard conducts client relations meetings to ensure expectations are clearly understood. Upon the conclusion of a project, post-project reviews are conducted to identify success points and improvement areas.

Keppel Logistics implemented a Customer Relationship Management (CRM) system in 2014 to enhance operational effectiveness and efficiency in sales and customer account management. The company also conducted its first online customer satisfaction survey. The survey results were favourable and showed improvement from the previous year, with 97% of respondents rating Keppel Logistics' services as good or better.

Keppel Logistics also actively engages its customers to formulate innovative solutions, such as operation process reengineering, which involves a thorough review of the customer account's operations, to optimise resources while achieving optimal performance for the customers.

Keppel Data Centres' high renewal rate of over 90% for its data centre facilities affirms the enduring relationships it has with customers and excellent service standards. Given the importance of Business Continuity Management (BCM) for its customers, the company conducts annual BCM exercises involving scenarios such as power outages, fires and pandemic flu outbreaks to enhance the vigilance of its personnel and resilience of its facilities.

In our Property Division, Keppel Land's Customer Focus and Property Management teams are focused on fostering and sustaining good long-term customer relationships. Feedback from homeowners and tenants is taken into consideration in the reviews of upcoming projects and existing developments. In 2014, service quality surveys were conducted for 16 completed projects. Over 95% of the respondents indicated their satisfaction with the services rendered in the management and operations of the developments.

COMPLIANCE

Keppel subscribes to best practices and complies with all applicable legislations and requirements. Keppel's business units abide by the Singapore Code of Advertising Practice (SCAP) by the Advertising Standards Authority of Singapore.

In 2014, there were no reported significant non-compliance with laws, regulations and voluntary codes concerning the provision, use, health and safety of our products and services.

02

"Customer Focus" is one of our core values essential to our sustainable growth and long-term success.

Safety & Health



01

Embracing safety as our core value, we are committed to create an incident-free workplace for all our stakeholders.

01

Our commitment to uphold a strong safety culture extends to our entire workforce, including employees and subcontractors.

\$52m

Invested in 2014 to improve safety systems and training, an increase of 30% from the amount invested in 2013.

39 WSH Awards

Conferred on the Group at the Workplace Safety and Health (WSH) Awards by Singapore's WSH Council in 2014.

PERFORMANCE OVERVIEW



WHAT WE SAID IN 2014

- Achieve an excellent safety record with zero fatalities, maintain low Accident Frequency Rate (AFR) and reduce our Accident Severity Rate (ASR) by 20%.
- Introduce process-based methodologies to highlight safe work practices.
- Address high-impact risks through better engagement with workers and by developing a greater ownership of safety among all stakeholders.
- Continue to implement Safety Road Map programmes within business units in line with the Keppel WSH 2018 Strategy.



WHAT WE DID IN 2014

- Increased leadership visibility across the Keppel Group.
- Reviewed and developed Health, Safety and Environment (HSE) improvement guidelines for all business units which support the Group's targets.
- Reviewed ways to improve identifying safety trend analysis.



WHAT WE PLAN TO DO

- Strive for zero fatalities and reduce ASR by 50%.
- Improve communication to share best practices across the Keppel Group.
- Refine efforts in mitigating serious high potential and reportable incidents.

At Keppel, our "Duty of Care" philosophy forms the foundation of our efforts to ensure that everyone goes home safely at the end of every work day. From senior management to workers on the ground and external stakeholders, we encourage everyone to look out for each other's safety and wellbeing.

This section reports on the safety performance of the Group's significant subsidiaries and associated companies where we have management control. This includes all major yards, plants, completed projects and buildings, including establishments managed by Keppel Land Hospitality Management.

Guided by the Keppel Workplace Safety and Health (WSH) 2018

Strategy, we strive to strengthen our safety culture by leveraging the Group's resources and expertise. To do this, we focus on four aspects across our global operations: Having an integrated WSH framework, implementing an effective management system, promoting safety ownership and enhancing partnerships across our operations through various initiatives.

To ensure that all personnel are kept updated on safety measures and best practices, we empower and train our stakeholders. In 2014, we invested over \$52 million in enhancing infrastructure, upgrading systems and building knowledge and skillsets across the Group. Over 60,000 personnel have received training

at Keppel Safety Training Centre and our Safety Awareness Centres since 2010.

Despite our best efforts, our AFR and ASR rose in 2014. We suffered three fatalities in Singapore and one overseas. Our AFR recorded for 2014 was 0.23 accidents per million man-hours worked compared to 0.18 the year before. Our ASR in 2014 was 108 man-days lost per million man-hours compared to 55 in 2013. We are deeply saddened by the loss of our colleagues and have thoroughly investigated the incidents to identify the root causes and implement preventive measures. We have also reviewed our existing control measures to prevent similar incidents from recurring.

**STRENGTHENING
MANAGEMENT SYSTEMS**

We comply with laws and regulations applicable to the countries in which we operate. Our safety management systems undergo internal audits by HSE personnel and independent consultants.

On top of keeping our systems in check, we strive to attain WSH certifications to ensure compliance with robust standards of HSE management. Keppel FELS received certification for the Singapore Standard for Occupational Safety and Health management system (SS 506) in 2014, which is in alignment with Keppel Shipyard's and Keppel Singmarine's compliance to the standard.

Keppel AmFELS, Keppel Offshore & Marine's (Keppel O&M) yard in Texas, USA, acquired the ISO 9001, ISO 14001 and OHSAS 18001 management systems in early 2015.

In China, Keppel Nantong Shipyard achieved the highest grade of safety certification from the Chinese State Administration of Work Safety. Keppel Nantong Shipyard is also the first shipyard in the Gangzha district of Nantong to set up a safety-focused training centre.

Key Keppel Infrastructure subsidiaries including Keppel Seghers and Keppel

DHCS adopt management systems such as OHSAS 18001.

Keppel Telecommunications & Transportation (Keppel T&T) conducts regular safety audits to identify potential workplace hazards. Initiatives, such as a defensive driving course in Keppel Logistics (Foshan), are organised for employees to hone practical skills relevant to their jobs.

To ensure that contractors remain vigilant and comply with relevant regulatory requirements and safe work practices, Keppel Land's WSH unit conducts weekly inspections at its worksites in Singapore and quarterly inspections at worksites overseas.

Keppel Land also audits all completed projects to ensure consistent standards. In 2014, 17 commercial and hospitality establishments in Singapore, China, Vietnam, Indonesia and Myanmar underwent such audits.

HIGH-LEVEL COMMITMENT

Keppel Corporation was the first publicly-listed company in Singapore to establish a Board Safety Committee (BSC) in 2006. Chaired by Mr Tan Ek Kia, a non-executive and independent director of Keppel Corporation, the BSC adopts a hands-on approach in setting strategic directions to

ensure consistently high safety standards across the Group. The BSC leads efforts to implement initiatives and improve performance with the support of our Inter-Strategic Business Unit Safety Committee.

To engage operational staff and understand challenges they face on the ground, the BSC conducts regular site visits. In 2014, they visited Keppel O&M's BrasFELS yard in Angra dos Reis, Brazil, Keppel Land's projects in Ho Chi Minh City, Vietnam, and Keppel Infrastructure's Senoko Waste-to-Energy Plant in Singapore.

In December 2014, Mr Tan attended a Vessel Safety Coordination Committee (VSCC) meeting at a Keppel FELS yard in Singapore to better understand the challenges and dynamics of conducting instrumental safety meetings. This exercise aided the BSC in developing the Workplace Safety Coordination Committee (WSCC) guidelines to ensure proper planning and coordination of all daily activities at work sites. The WSCC guidelines will take effect in 2015.

The specific BSCs of our business units also spearhead initiatives to strengthen HSE management and performance.

Keppel O&M rolled out a key initiative that requires its yards worldwide to adhere to requirements laid out by the company's VSCC guidelines. Relevant materials were circulated to ensure that all yards are well-equipped to adhere to safety procedures. Keppel O&M's BSC reviews cases presented at the quarterly meetings and ensures that key lessons learnt are communicated to all our yards globally.



01

Keppel's Board Safety Committees conduct regular site visits to engage operational staff and understand the challenges faced.

In 2014, the Keppel Land BSC visited the worksites of residential projects in Singapore, China, and Vietnam to reinforce the importance of workplace safety.

At Keppel Infrastructure, senior management conduct quarterly site visits. Besides spearheading the company's HSE Work Plan for 2014, Dr Ong Tiong Guan, CEO of Keppel Infrastructure, visited the Greater Manchester Energy-from-Waste Plant in the UK. The visit was fruitful in yielding insights and observations for improvements.

During a site inspection in 2014, Mr Thomas Pang, CEO of Keppel T&T, and senior management attended a "Take 5" briefing and spoke with workers to gain a better understanding on how Keppel T&T can strengthen their onsite safety culture.

To drive the Group's safety strategy and performance, Mr Jaggi Ramesh Kumar came on board as GM of Group HSE in January 2015, reporting directly to the CEO of Keppel Corporation, Mr Loh Chin Hua.

DRIVING SAFETY OWNERSHIP

We seek to inculcate strong safety ownership vertically, from the top down, and horizontally, across all our stakeholder groups.

To increase awareness on High Impact Risk Activities (HIRA), Keppel O&M has rolled out a six-month HIRA awareness exercise, whereby safety animation videos and pamphlets in various languages are shared across all local and overseas yards monthly. During the year, Keppel FELS organised a HSE campaign themed "Safe Culture, Save People" to highlight relevant knowledge and share best practices.

The Keppel O&M HSE team, led by Mr Yong Chee Min, shared important information on topics such as Fire and Smouldering as well as Dropped Objects with yards across Keppel O&M via electronic communication. Mr Yong is the Director of HSE and Special Projects at Keppel O&M and the Secretary to Keppel O&M BSC. To further drive home lessons learnt on incidents and near misses, Keppel Shipyard initiated a safety awareness campaign for dropped objects

THE KEPPEL WSH 2018 STRATEGY

Under the Keppel WSH 2018 Strategy, four key thrusts were identified to align Group efforts while improving safety and health practices.

The strategic thrusts are:

- Establishing an integrated framework
- Implementing an effective management system
- Enhancing ownership
- Strengthening partnerships

Vision

For everyone at our workplace to go home safe every day

Mission

To strengthen our safety culture by leveraging the Group's resources and expertise

Strategy Thrusts

- Framework
- System
- Ownership
- Partnerships

Strategic Outcomes

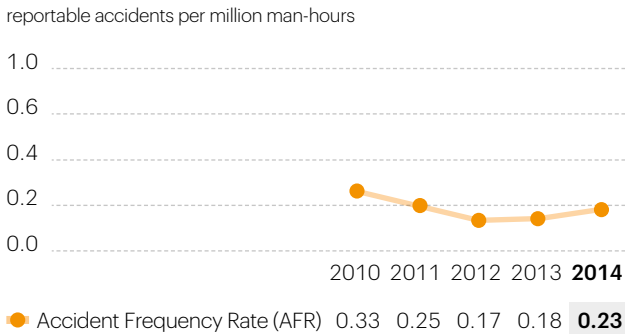
- Strong WSH culture
- WSH - Integral part of business
- Reduction in WSH accidents

SAFETY IN ACTION

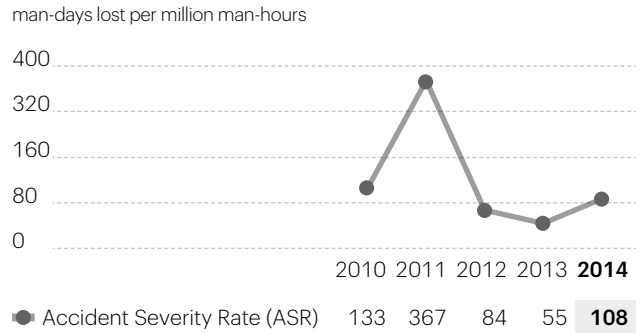
5 Key Safety Principles

1. If safety is expensive, disasters cost more
2. Value everyone's safety
3. Zero tolerance for incidents
4. Recognise safe behaviour
5. Passion for Health, Safety and Environment (HSE) excellence

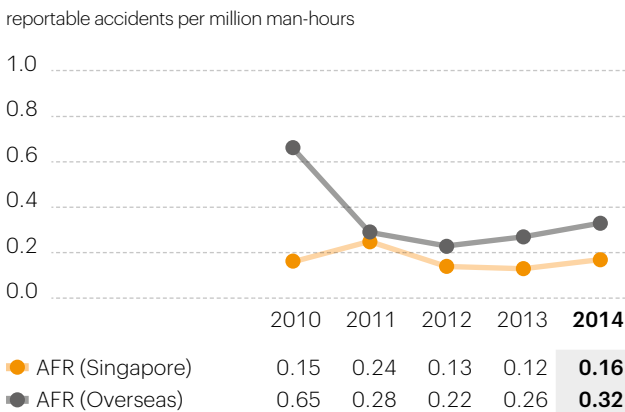
KEPPEL GROUP (GLOBAL)
CUMULATIVE ACCIDENT FREQUENCY RATE (2010 – 2014)



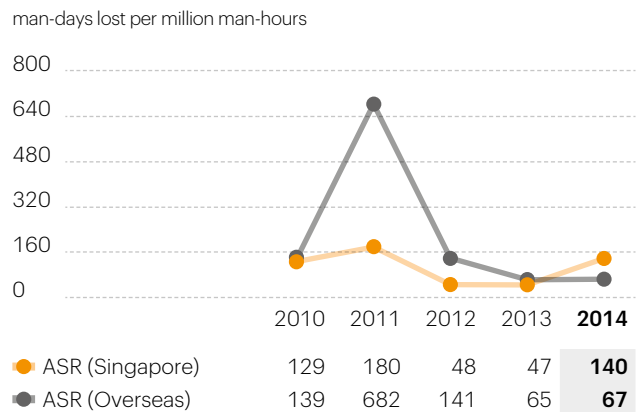
KEPPEL GROUP (GLOBAL)
CUMULATIVE ACCIDENT SEVERITY RATE (2010 – 2014)



KEPPEL GROUP (SINGAPORE & OVERSEAS)
CUMULATIVE ACCIDENT FREQUENCY RATE (2010 – 2014)



KEPPEL GROUP (SINGAPORE & OVERSEAS)
CUMULATIVE ACCIDENT SEVERITY RATE (2010 – 2014)



and collaborated with Keppel Subic Shipyard to heighten awareness on its prevention of dropped objects. HSE handouts were also circulated across all yards to highlight lessons gleaned from fire-related incidents, including steps for fire and explosion prevention.

Mr Yong also led workshops for Keppel Nantong Shipyard’s management and subcontractors to facilitate the review of existing processes and highlight learning points from past incidents.

To educate workers on the importance of donning personal protective equipment (PPE) correctly, our Bintan Offshore yard organised a “Think Safety First, Wear Your PPE” campaign.

In 2014, our joint venture yard in Qatar, Nakilat-Keppel Offshore & Marine (N-KOM), launched a Safety Excellence

2020 campaign envisioning an incident and injury-free work environment where “Nobody Gets Hurt”.

We believe it is important to be forthcoming in sharing lessons from past incidents in order to create a safer workplace. During the year, BrasFELS shared on its investigation into a case of a fatal fall from height that occurred in another shipyard and Keppel Verolme shared on a dropped objects case, allowing both management and the workforce to learn from these mistakes and prevent recurrences.

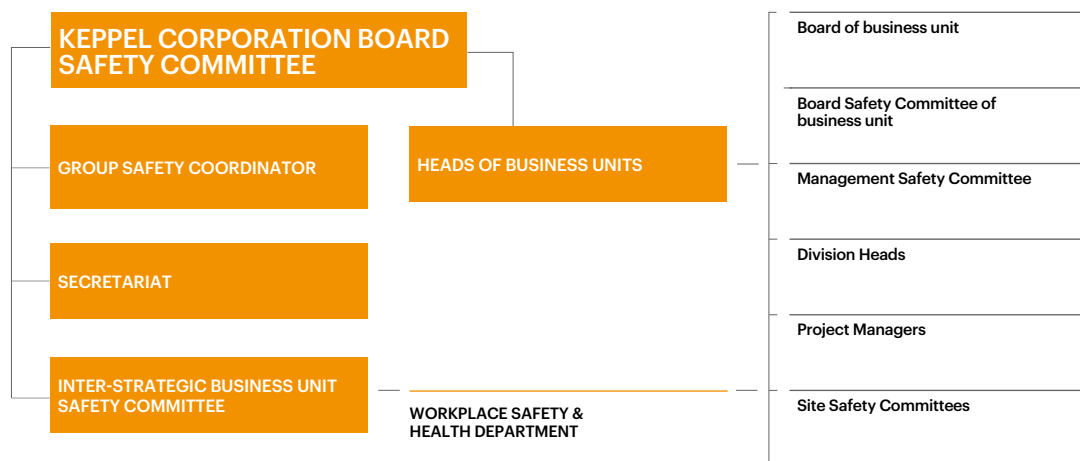
Our yards in Singapore and overseas partner each other to ensure safety best practices are consistent across Keppel O&M’s global operations. In 2014, HSE officers from Keppel FELS embarked on a three-month audit and mentoring exercise in Baku Shipyard to conduct a

gap analysis on its HSE management system. A HSE personnel from Baku Shipyard was then attached to Keppel FELS in Singapore for two weeks to learn best practices.

Support is also rendered to Bintan Offshore through classes, such as Lifting Supervisors and Risk Assessment training. A Keppel FELS HSE Officer is assigned to review their progress on a monthly basis and to share relevant resources.

Already implemented in projects in Singapore and Myanmar, Keppel Land’s Behavioural Management of Safety programme integrates behavioural strategies into work processes in order to achieve sustainable positive safe behaviour from workers. The programme will be rolled out in China in 2015.

GROUP SAFETY STRUCTURE



Keppel Infrastructure's "Gear Up for Safety" campaign, launched in 2013, has been gaining momentum with several activities at various sites and plants. A HSE roadshow was held in February 2014, during which senior management visited various sites to reiterate the importance of safety.

Keppel T&T has likewise been diligent in sharing on near misses with their business units. To train workers, Keppel Logistics conducted specialised training on the safe operations of Material Handling Equipment. The company also held a Risk Assessment training to guide staff on conducting proper risk assessments. Meanwhile, Keppel Logistics Malaysia conducted a sharing session with their staff on lessons learnt from reported near misses and accidents.

Our commitment to innovation extends to our efforts to improve safety. At the eighth annual Keppel Group Safety Convention, 43 Safety Innovation Teams submitted projects, paving the way for innovative solutions to be further developed into actual safety products used in daily work. Some of these entries went on to compete at the national level and garnered awards.

PROACTIVE PARTNERSHIP COUNCILS & COMMITTEES

We support national and industry initiatives to raise safety standards and share best practices and new developments.

Strengthening Keppel's contribution to Singapore's safety landscape, Mr Chow Yew Yuen, CEO of Keppel O&M, was appointed to the WSH Council on 1 April 2014. Mr Chow also chairs the WSH Council National Work at Heights Safety Taskforce where members from various stakeholder groups review practices relating to working at heights, with the aim of reducing the national tally of fatal and serious fall from height incidents.

A number of Keppel's management sit on various committees of Singapore's WSH Council and the Association of Singapore Marine Industries (ASMI). Mr Wong Kok Seng, MD (Offshore) of Keppel O&M and Keppel FELS, and Mr Chor How Jat, MD of Keppel Shipyard, sit on the WSH Council (Marine Industries) Committee. Mr Yong is the Chairman of the ASMI WSH Committee and a member of the WSH National Work at Heights Safety Taskforce and the WSH Council (Marine Industries) Committee.

CONTRACTORS & SUBCONTRACTORS

Driven by the belief that everyone plays an important role in our safety journey, we develop close working relationships with all our stakeholders, including our subcontractors. Our subcontract workers undergo the same training as direct employees to ensure that every worker involved in our operations adopts consistently high safety standards.

At Keppel FELS, the Subcontractors Executive Council, comprising representatives of different trade sections, including HSE, meets regularly to discuss initiatives and share best practices.

To raise overall industry standards, we work closely with Singapore's Ministry of Manpower (MOM) and WSH Council to roll out initiatives and to encourage our subcontractors to equip themselves with relevant certifications from the WSH Council. The Group has been a regular sponsor of annual national safety events, including the 2014 editions of the WSH Conference, National WSH Campaign and bizSAFE Convention.

Keppel FELS and Keppel Shipyard, as bizSAFE Partners, actively encourage their contractors to progress through the various levels of the bizSAFE programme. Since 2013, Keppel

Shipyards have imposed a bizSAFE Level 4 certification requirement for their resident contractors before work can be undertaken.

To ensure that our safety messages are understood by our multinational and multicultural workforce, especially subcontractors, Keppel Shipyards has trained experienced foreign workers as mentors to discuss WSH issues with fellow workers in their native languages.

As a bizSAFE Mentor, Keppel Land encourages contractors to actively develop and implement initiatives at their workplaces. Before they are appointed, Keppel Land's main contractors must be confirmed as bizSAFE Partners, ensuring that the contractors meet the standards set by the WSH Council.

INDUSTRY SHARING

Keppel O&M actively participates in HSE-related seminars and forums. Such events include an ASMI seminar held in 2014, where Keppel O&M shared about its different measures to reduce the incidence of dropped objects in shipyards.

Keppel O&M co-sponsored the Dropped Objects Prevention Scheme (DROPS) Forum where Keppel FELS shared their approach to building rigs with designs incorporating DROPS.

At the International Association of Drilling Contractors HSE&T Asia Pacific 2014 conference, Mr Chow spoke on Keppel's experience of building a sustainable safety culture in a multinational and multiparty workplace.

We see cross-industry sharing as a useful opportunity to shape our safety journey from different perspectives. In 2014, Mr Yong hosted Singapore's Land Transport Authority (LTA) at Keppel FELS and presented the company's safety management system and initiatives.

In return, Keppel O&M gleaned insights from LTA's safety efforts in the construction of the Downtown Mass Rapid Transit Line.

In 2014, Keppel Land organised its first safety seminar in Sedona Hotel Yangon. Mr Peter Jones, GM of WSH at Keppel Land, presented the company's Health and Safety strategy to an audience comprising Myanmar authorities and top engineers.

To exchange best practices, Keppel Land held its seventh annual Consultants and Contractors Health & Safety Meeting in 2014, where Safety Recognition Awards were presented to project teams and contractors who made significant contributions.

HOLISTIC APPROACH

Recognising that fatigue and poor health often contribute to accidents, we implement comprehensive and holistic measures to improve the wellbeing of our workforce. In 2014, Keppel Shipyards completed the construction of a WellBeing and Support Centre, which will provide holistic health and medical services, as well as counselling, for workers.

To provide a conducive environment for workers to rest and have their meals, Keppel Shipyards is constructing three multi-storey rest areas. The first rest area was completed in February 2014 and accommodates up to 2,000 workers.

Our other measures include exercise programmes, distribution of fruits and healthy lifestyle campaigns. HSE personnel also organise dormitory visits regularly to reach out to workers on health and safety matters.

Keppel Infrastructure encourages healthy lifestyles for a safer workplace. The HR team sends out emails on healthy eating and regular exercise. During its HSE Week 2014, free health screenings were

arranged for staff and contractors. Keppel Seghers Tuas Waste-to-Energy Plant arranged for a mobile audiometric test van to conduct hearing tests for staff.

Keppel T&T signed the Helping Employees Achieve Life-time Health (HEALTH) Charter, pledging to develop, execute and enhance an integrated Workplace Health Promotion programme. Staff also benefited from lunchtime talks on health, mental wellness and stress management.

STRONG TRACK RECORD

The Group was conferred 39 WSH Awards in 2014, surpassing the 32 awards received in 2013. The awards are organised by the WSH Council and supported by MOM to recognise WSH excellence.

Of the 39 awards, Keppel O&M bagged 33 awards under the Safety and Health Award Recognition for Projects (SHARP) category. Keppel Shipyards was conferred the WSH Innovation Award for implementing an improved method in lifting thrusters that significantly reduces safety risks. The revised method uses a jig which can be adjusted to hold thrusters of various sizes, thereby improving stability during transportation and minimising injuries caused from mishandling. This has led to safer work practices, increased productivity and manpower savings.

For their strong WSH management systems, Keppel Singmarine and Keppel DHCS clinched the WSH Performance (Silver) Awards. Keppel Datahub and Keppel Digihub were recognised with WSH Risk Management Awards.

Mr P Arungulavan, a Senior Control and Instrumentation Engineer at Keppel Merlimau Cogen, was awarded an individual WSH Award for Supervisors for improving the safety and health performance of his team.



Special Focus

OUR SAFETY, OUR WELLBEING

Keppel's employees, partners, contractors and subcontractors reaffirmed the importance of upholding and improving workplace safety and health at the eighth Keppel Group Safety Convention.

The Keppel Group Safety Convention is an annual event that brings together internal and external stakeholders in a shared commitment to workplace safety and health.

Themed "Our Safety, Our Wellbeing", the event on 5 November 2014 brought together almost 900 senior management, employees, industry partners, contractors and vendors. Besides reinforcing the importance of maintaining one's vigilance, the theme also highlighted the importance of paying attention to the wellbeing of others.

Guest-of-Honour Mr Lee Tzu Yang, Chairman of Singapore's Workplace Safety and Health (WSH) Council, urged everyone to see safety as an integral component of their lives during and after work. "The habits you form at work, whether good or bad, will not only affect you at work, but will also affect your lives outside of work. I hope you will spread the WSH message to those around you and look out for one another," Mr Lee stressed.

RECOGNISING INNOVATION

A total of 43 Safety Innovation Teams from across the Group submitted entries for the Safety

Innovation Awards, held annually as part of the Keppel Group Safety Convention. The top three projects were by teams from Keppel Infrastructure, Keppel Shipyard and Keppel FELS.

In recognition of its strong record and innovative safety initiatives, Keppel Land was conferred the Chairman Safety Challenge Trophy 2014. Mr Lee also commended Keppel Land for placing an emphasis on WSH at every phase of a project's life cycle, from conceptualisation to construction and management, in order to minimise or eliminate risks early on.

01

The Keppel Safety Convention brings together internal and external stakeholders to pledge their commitment to safety.

01



Labour Practices & Human Rights

01



Our people are our greatest asset; their pride, passion and commitment are essential to the Group's success. By ensuring alignment with our core values, upholding fair employment practices and growing the capabilities of our workforce, we aim to create a work culture where all employees thrive.

\$14.2m

Invested in the training and development of our employees globally.

62.7%

Of our workforce are local hires from communities where we operate.

01

The Keppel Games promotes friendly competition, ignites team spirit and encourages a healthy lifestyle among employees.

PERFORMANCE OVERVIEW



WHAT WE SAID IN 2014

- Continue to invest in training, with a target of 30 hours of training per employee per year on average, globally.
- Maintain an overall score of above 80% for “sustainable engagement”, determined via our Employee Engagement Survey¹.

¹ The Employee Engagement Survey is now biennial.



WHAT WE DID IN 2014

- Recorded an average of 31 hours of training per employee per year globally.
- Provided platforms such as town hall meetings to strengthen engagement between senior management and employees.
- Began roll out of global intranet as an online platform for employee engagement and communication.



WHAT WE PLAN TO DO

- Maintain a target of 30 hours of training per employee per year on average, globally.
- Conduct an employee engagement survey of employees in our Singapore and overseas operations.

Our employees are our competitive strength. Committed to be an employer of choice, we adopt fair and ethical labour practices, respect human rights and empower employees to realise their full potential.

This section includes the performance of the Group’s significant subsidiaries and associated companies where we have management control.

OUR PEOPLE

Our total workforce (full and part-time permanent employees only, excluding our contractor workforce) was 43,157 in over 30 countries. Women represented 11.9% of our global workforce.

The age profile of our workforce is largely young, with 38.2% of employees under the age of 30 and

33.1% between the ages of 30 and 39. During the year, 9,139 people were hired and the overall turnover rate was 9.6% in Singapore and 8.8% globally.

HUMAN RIGHTS

As articulated in our Corporate Statement on Human Rights, Keppel Corporation and our Group of Companies uphold and respect the fundamental principles set out in the United Nations Universal Declaration of Human Rights and the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work. Our approach to human rights is informed and guided by general concepts from the United Nations Guiding Principles on Business and Human Rights.

We do not tolerate unethical labour practices such as child labour,

forced labour, slavery and human trafficking in any of our operations. We support the elimination of such exploitative labour. Through our policies, planning and administration of our employment practices, we are confident that our operations are not exposed to issues such as child or forced labour.

Our commitment to human rights is supported by our Employee Code of Conduct, which sets the tone in relation to the Group’s stance against discrimination on any basis, inclusive of any bias on the basis of ethnicity, gender, religious beliefs, nationality, age or any physical disability. The rules of conduct apply to all employees of Keppel Corporation and its subsidiary companies.

We adhere to the practices spelt out by Singapore’s Tripartite Alliance for

Fair Employment Practices (TAFEP) and endorse its Employers' Pledge of Fair Employment Practices. We comply with local labour regulations across our global operations and with minimum wage laws, where such laws exist.

Unions are our strategic partners so we place great emphasis on maintaining a harmonious relationship with them. Approximately 46% of our global workforce are bargainable employees covered by Collective Agreements (CA).

Guidelines are in place for the appropriate management of grievance cases. For unionised companies, employee grievances are resolved according to the grievance handling protocol spelt out in the respective CA. All registered grievances are investigated and tracked through to closure. In the case of a grievance, our management and the union will undertake every reasonable effort to resolve the employee's grievance promptly.

Worldwide, there were eight major grievance cases reported in 2014, one of which is pending resolution at the time of the production of this report.

DIVERSITY & INCLUSION

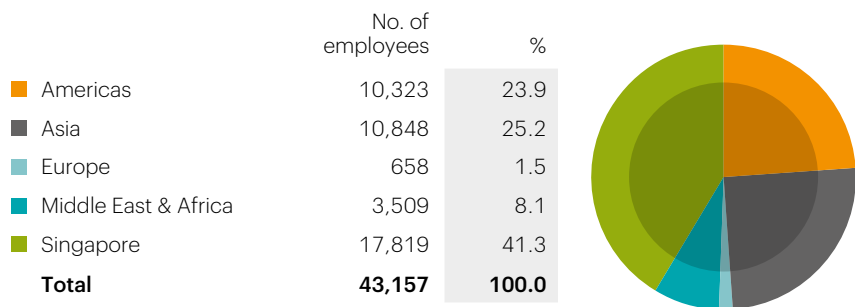
We respect the values and cultures of the people and the communities in which we operate.

We embrace workforce diversity and implement fair employment practices. In our operations worldwide, we adopt merit-based recruitment practices and emphasise diversity and inclusiveness.

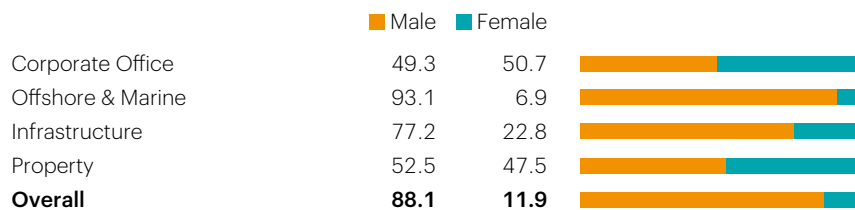
All new hires are considered based on individual competencies as well as organisational and job fit. Our hiring policies ensure equal employment opportunities for all, regardless of race, religion, gender, marital status or age. Our employment statistics, reviewed regularly, illustrate the diversity of our workforce. Nonetheless, we recognise that there are sectors in our businesses, such as Offshore & Marine, which are male-dominated globally.

GLOBAL WORKFORCE

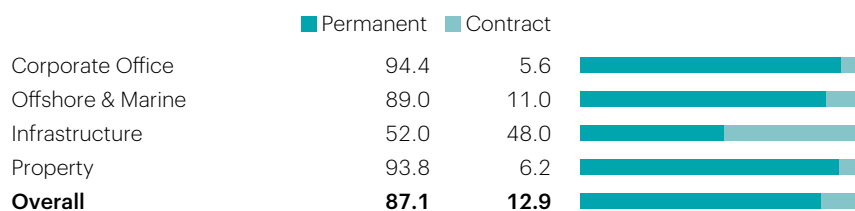
DISTRIBUTION BY REGIONS (%)



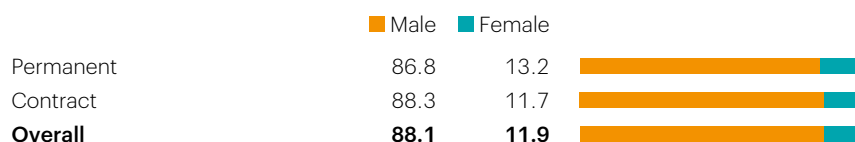
DISTRIBUTION BY SEGMENT & GENDER (%)



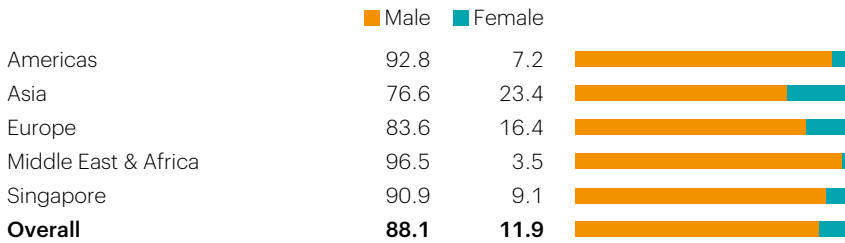
DISTRIBUTION BY SEGMENT & EMPLOYMENT TYPE (%)



DISTRIBUTION BY EMPLOYMENT TYPE & GENDER (%)

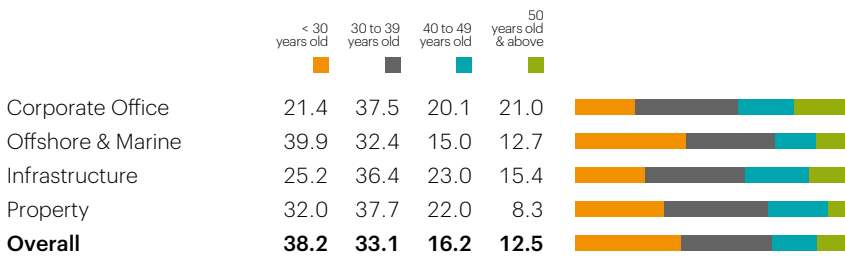


DISTRIBUTION BY REGION & GENDER (%)



Keppel provides opportunities for advancement, promotion, recognition of achievements, compensation, training and other conditions of employment based on merit. Performance reviews are conducted regularly. The process, undertaken jointly by the employee and supervisor, entails the setting of targets and a career roadmap detailing work plans, training and measurable performance targets.

DISTRIBUTION BY AGE GROUP (%)



There were no reported incidences of discrimination raised by our employees in 2014.

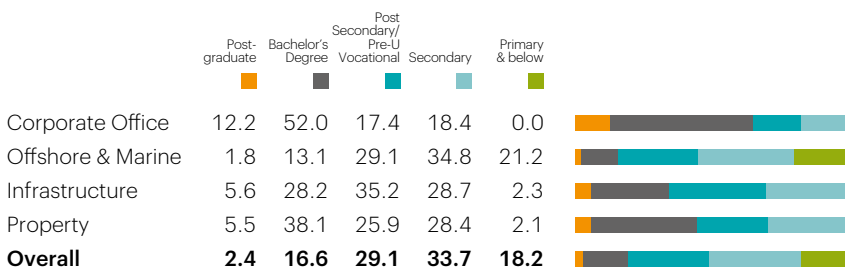
FAIR EMPLOYMENT POLICIES & PRACTICES

Keppel upholds fair employment practices and adheres to the practices spelt out by the TAFEP.

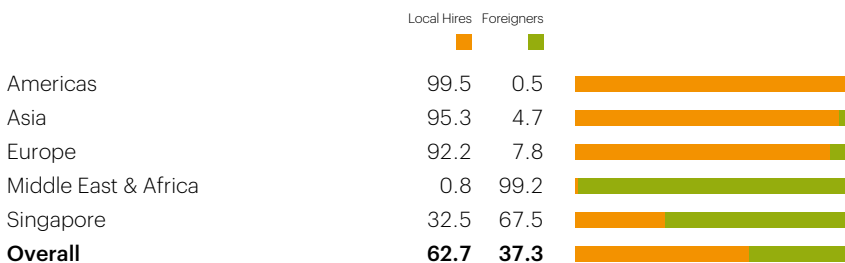
We endorse the Employers' Pledge of Fair Employment Practices, which are guided by five principles:

1. Recruit and select employees on the basis of merit.
2. Treat employees fairly and with respect and implement progressive human resources (HR) management systems.
3. Provide employees with equal opportunity to be considered for training and development.
4. Reward employees fairly.
5. Abide by labour laws and adopt Tripartite Guidelines which promote fair employment practices.

DISTRIBUTION BY SEGMENT & EDUCATIONAL QUALIFICATION (%)



DISTRIBUTION BY REGION & LOCAL/NON-LOCAL HIRES (%)



As a global company, we see local hiring as an important way to strengthen our capabilities on the ground and contribute to local employment. Across our business units, 61.8% of senior management and 62.7% of employees are citizens or permanent residents of the countries in which they work.

PROVISION OF BENEFITS

We provide our employees with a comprehensive range of benefits such as leave entitlements, medical benefits and group insurance plans. Part-time employees are entitled to similar benefits on a pro-rata basis.

Labour Practices & Human Rights

Keppel subscribes to a pay-for-performance philosophy. We believe this drives ownership of collective goals and leads to a high-performance culture that creates long-term shareholder value. Our robust performance management system ensures that all permanent employees receive regular performance and career development reviews.

In 2014, all of our 85 female employees in Singapore who went on maternity leave returned to work. Male employees in Singapore are entitled to paid paternity leave.

The Keppel Group adheres to the respective social security contribution or pension plan obligations of the countries in which we operate.

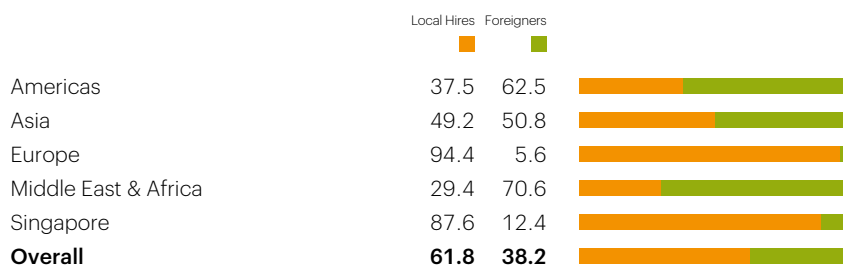
In Singapore, the Central Provident Fund (CPF) is a comprehensive social security savings plan that enables salaried Singapore Citizens and Permanent Residents to set aside funds to work towards a secure retirement. Under the CPF scheme, Keppel and its employees make monthly contributions to the employees' CPF accounts in accordance with the prevailing regulations.

NURTURING HUMAN CAPITAL

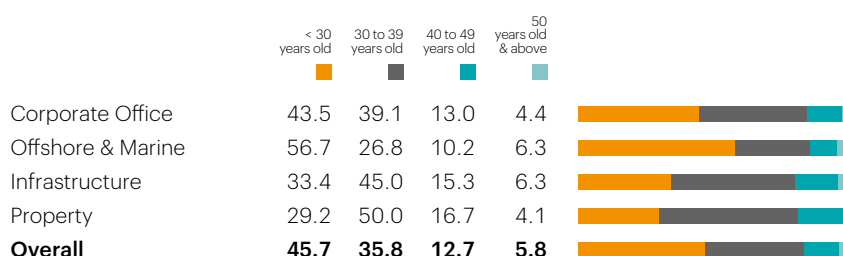
We encourage and enable employees to pursue professional development opportunities. In 2014, Keppel invested \$14.2 million in the training and development of our employees globally. The overall average training hours per employee per year for our key operations in Singapore was approximately 49 hours. Globally, the overall average training hours per employee per year was approximately 31 hours, with an average of 29.2 hours for females and 31 hours for males.

The Group drives the talent management process in their respective geographies, with programmes for leadership and executive development centralised at the corporate level.

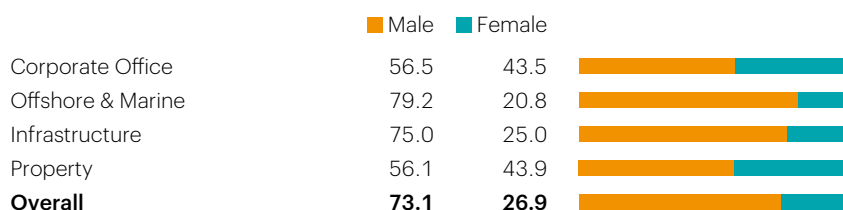
SENIOR MANAGEMENT DISTRIBUTION BY REGION & LOCAL/NON-LOCAL HIRES (%)



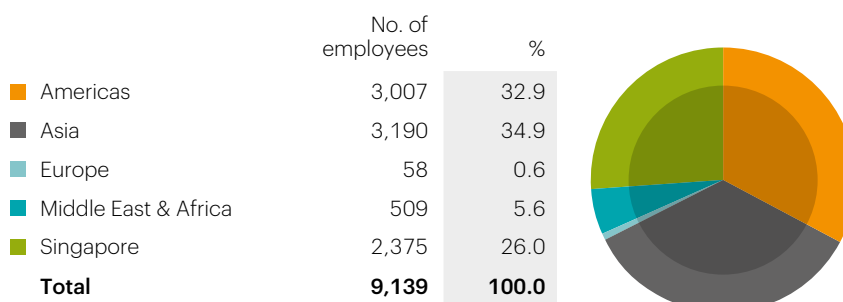
NEW HIRES BY SEGMENT & AGE GROUP (EXECUTIVE & ABOVE) (%)



NEW HIRES BY SEGMENT & GENDER (EXECUTIVE & ABOVE) (%)



NEW HIRES BY REGION (%)



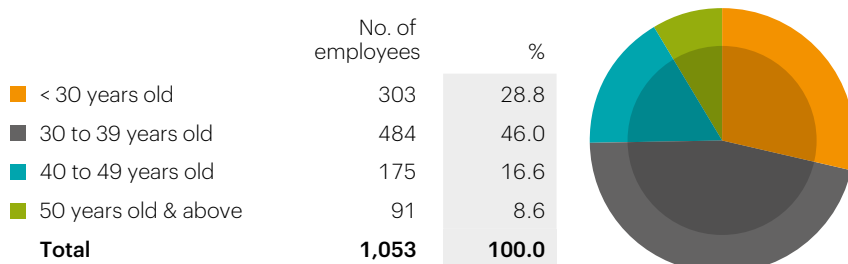
AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY

Senior Management	20.4	
Managerial	20.8	
Executive	49.9	
Non-Executive	14.1	
Industrial/General	28.7	

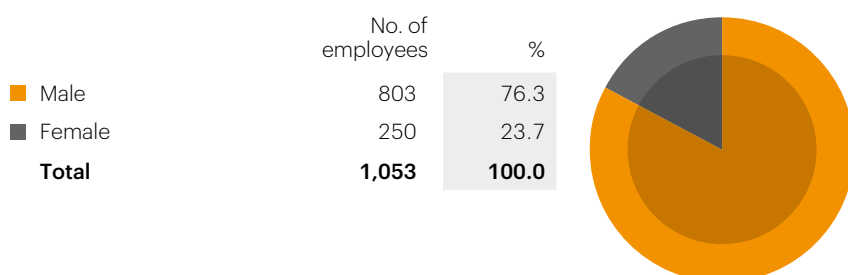
ANNUAL EMPLOYEE TURNOVER RATE* (%)

2014	8.8	
2013	8.6	
2012	9.9	
2011	10.9	
2010	11.5	

2014 EMPLOYEE TURNOVER** BY AGE GROUP (EXECUTIVE & ABOVE) (%)



2014 EMPLOYEE TURNOVER** BY GENDER (EXECUTIVE & ABOVE) (%)



2014 EMPLOYEE TURNOVER RATE* BY REGION (%)

Singapore	9.6	
Middle East & Africa	8.7	
Europe	8.2	
Asia	11.3	
Americas	4.7	

* The turnover rate is defined as the percentage of employees who leave the organisation voluntarily. It does not take into account turnover due to completion of contracts, dismissal, retirement or death in service.

** Turnover is defined as the total number of employees who leave the organisation voluntarily. It does not take into account employees who leave due to completion of contracts, dismissal, retirement or death in service.

Keppel Corporation's Group HR coordinates information across the business units to ensure that the review of talent is undertaken with consistent data.

To enable employees to develop and refine their skills and competencies, we customise learning and development programmes across the Group to cater to different career stages and industry needs.

INDUSTRY PROGRAMMES

Underscoring our commitment to nurture human capital, the Group makes significant investments to equip employees with up-to-date operational skills and certifications.

Keppel Offshore & Marine (Keppel O&M) has a longstanding partnership with Singapore's Institute of Technical Education (ITE) to pioneer training initiatives for the offshore and marine industry.

Keppel O&M and ITE signed their first training partnership Memorandum of Understanding (MOU) in 2008, and the Keppel O&M Marine Training Centre is now accredited to offer a Higher National ITE Certification (NITEC) course in Marine & Offshore Technology. In 2014, Keppel O&M and ITE renewed their MOU to build a steady pipeline of industry talent.

The Keppel O&M Technical Associate Scheme retains existing apprentices and attracts graduates from ITE to join Keppel O&M. The scheme provides Technical Associates with a defined academic and career development path. Technical Associates are also given the opportunity to develop interpersonal and soft skills through the Technical Associate Discovery Programme.

Keppel Telecommunications & Transportation (Keppel T&T) enhanced its current data centre training roadmap with an "On-the-Job" framework to enable employees to achieve higher productivity and to learn as they work.



GROOMING LEADERS

We groom scholars for roles across the Group according to their aspirations and qualifications. The Group also offers internships to promising tertiary students for them to gain work experience before entering the workplace. In 2014, seven outstanding tertiary students were awarded the Keppel Group Scholarship, bringing the total number of scholarships awarded to date to 206. During the year, six scholars who completed their studies embarked on their careers with Keppel.

To encourage employees to pursue further studies, Keppel provides employees in Singapore with seven days of examination leave annually. In 2014, the Group sponsored 82 employees to pursue further studies.

The Group's business units offer two-year management trainee or associate programmes to nurture fresh graduates with the potential to take on management positions.

Keppel O&M Management Trainees undergo intensive development through classroom and workplace trainings, rotations across departments, and mentorship and networking opportunities with senior management.

Similarly, Keppel Land's Management Associates accelerate their development through job rotations, training in core skills and receiving mentoring. Keppel Infrastructure's Management Trainees build a strong foundation through hands-on roles at Keppel Infrastructure plants while honing their leadership skills and business intuition.

Keppel O&M also collaborates with the Association of Singapore Marine Industries to offer scholarships to full-time students with good academic results. In 2014, 16 marine-related scholarships were awarded.

Keppel College

Programmes for leadership and executive development are centralised

under Keppel College, and are developed with reputable business schools as well as subject matter experts.

Initiatives in 2014 included two *Grow Beyond* talks, where distinguished guest speakers shared their wealth of knowledge and experience to engage and inspire Keppelites to achieve personal and professional success. To date, over 3,000 participants have benefited from *Grow Beyond* talks.

Keppel Young Leaders

Keppel Young Leaders is a centralised platform for high potential employees across the Group to cultivate a global mindset and an innovative and entrepreneurial spirit. Through initiatives such as annual symposiums, case studies and strategic reviews, Keppel Young Leaders benefit from taking on projects beyond their regular job scope and additional opportunities to build networks with senior management and peers in other business units.

RETAINING EXPERIENCE

Keppel supports re-employability beyond the statutory retirement age. Retirees are offered post-retirement employment opportunities in Keppel, in line with the Singapore Tripartite Guidelines on the re-employment of older employees.

In 2014, 123 retirees were re-employed across the Group. As at 31 December 2014, there were 544 re-engaged staff within the Group. To prepare older employees for a smooth transition to retirement, we organised programmes such as "Career Coaching for Mature Employees."

ENGAGING EMPLOYEES

We engage our employees through channels that enhance communication and camaraderie.

ENHANCING COMMUNICATION

All new hires undergo orientation programmes to ensure their integration into the company. In 2014, the Group Orientation sessions incorporated enhanced opportunities to interact with senior management through sharing sessions.

New hires are guided in their professional and personal development by assigned mentors. In 2014, 24 mentors were certified through a Mentoring@Keppel workshop, which equipped them with skills to provide effective guidance. 690 mentors have been appointed across the Group to date.

Through town hall meetings, Keppel's senior management

engage employees in insightful dialogues on pertinent issues. In 2014, Keppel O&M, Keppel Infrastructure and Keppel T&T held town hall meetings to share their vision for their respective companies moving forward and to take stock of recent developments. Keppel O&M also hosted five engagement sessions where over 300 employees had fruitful dialogues with senior management.

BUILDING STRONG TEAMS

We believe that cohesive teams make for a productive workforce. To promote friendly competition, ignite team spirit and encourage healthy lifestyles, Keppelite Recreation Club organises activities including the annual Keppel Games, a series of sports competitions open to all employees.

01

Through programmes such as the Technical Associate Scheme, our employees enjoy structured professional and personal growth development paths.

02

Participation in Keppel's marching contingent for Singapore's National Day Parade enables employees across the Group to forge strong bonds.



01

Town hall meetings are a valuable platform for senior management to engage employees in insightful dialogue on pertinent issues.

02

Singapore's Prime Minister Mr Lee Hsien Loong lauded Keppel for empowering its employees to succeed regardless of their starting points.



WORKFORCE WELFARE

We are committed to look after the well-being of our entire workforce, including foreign workers who are living and working abroad, away from their families. Keppel O&M was the first company in Singapore to provide highly subsidised dormitories for our directly-employed foreign workers.

These dormitories offer a range of amenities and recreational facilities, and we organise activities, such as talent search competitions, to promote harmonious living and bonding. Keppel Housing, which houses our yards' direct workers, provides counselling services, including a 24-hour emergency helpline, to look after our workers' mental and emotional wellbeing.

MANAGING LABOUR IN OUR SUPPLY CHAIN

As a participant of the Marine Sponsorship Scheme by Singapore's Ministry of

Manpower (MOM), Keppel O&M is obliged to ensure that its appointed resident contractors adhere to MOM guidelines on the employment of both local and foreign employees, including the provision of acceptable accommodation for foreign workers.

In 2014, a steel work subcontractor of Keppel Shipyard was investigated for owing up to three and a half month's wages to 120 workers. Keppel first discovered the non-payments during a routine salary audit in November 2013. We took immediate steps to expedite the settlement and payment of bills to our subcontractor two times, but both times the payments did not reach the workers. We thus made two direct salary payments to the subcontracted workers.

We deeply regret this incident as the welfare of our employees and workers, whether direct

or indirect, is our top priority. We have cooperated fully with MOM in its investigation, including presenting them with an independent auditor's review of our yards' subcontracting processes.

To prevent such recurrences, we have strengthened our emphasis on ensuring we carry out our obligations under the Marine Sponsorship Scheme. Such measures include regular comprehensive monitoring of our resident contractors' work scope, yard activities and attendance records. To ensure timely and adequate payment of salaries and CPF contributions, our yards' dedicated subcontract departments implement measures such as interviewing workers and collecting payment declarations by resident contractors. We also work with Keppel Housing to carry out dormitory inspections for resident contractors.



Special Feature

PAVING ROUTES TO SUCCESS

Keppel was held up as an exemplary employer by Singapore's Prime Minister (PM) Mr Lee Hsien Loong during his National Day Rally 2014 speech. Describing his vision of a Singapore where individuals are empowered with multiple pathways to success, Mr Lee lauded Keppel for its belief in its people regardless of their starting points.

While academic qualifications are traditionally regarded as a marker of merit and future success, PM Lee emphasised the importance of providing opportunities and support for continuous growth and learning.

"Keppel Corporation illustrates what we are trying to achieve. I visited Keppel Offshore & Marine's (Keppel O&M) shipyard at Tuas recently and talked to the people, both their management as well as their staff. I was deeply impressed both by what they had achieved and also by their *Can Do!* spirit and confidence.

"Keppel illustrates that you can progress by acquiring deep skills and knowledge throughout your career and there are different ways to deepen your skills and knowledge, by learning on the job or by going for higher qualifications as you work and progress swiftly; or both."

Among the Keppelites PM Lee met during his visits to Keppel O&M were three whom he personally interviewed.

SCALING UP TO LEAD

A Keppel veteran of 24 years, Mr Abu Bakar started off as an Assistant Safety Officer at Keppel Shipyard, rising swiftly through the ranks to become CEO of N-KOM,

Keppel's joint-venture shipyard in Qatar, before becoming MD of Keppel Singmarine. Despite his lack of a degree, Mr Bakar was accepted into an Executive Masters of Business Administration (MBA) course at Singapore Management University after Keppel's senior management wrote a letter to the school vouching for Mr Bakar's capabilities.

MANAGER BY DAY, STUDENT BY NIGHT

Now a Section Manager (Engineering) of Keppel FELS,

Ms Dorothy Han first joined Keppel in 1989 as a trainee draughtsman after completing an Industrial Technician Certificate in mechanical and electrical drafting and design. The mother of two teenagers currently spends three nights a week studying for a part-time diploma course in Engineering (Marine, Offshore technology).

FROM APPRENTICE TO SHIPYARD MANAGER

Armed with only a Secondary 2-level education, Mr Roy Lim joined Keppel FELS' predecessor, Far East Levingston, as an apprentice in 1977. His lack of paper qualifications did not stop him from rising through the ranks as he juggled between work and night classes. To broaden his experience, Mr Lim did several stints abroad in China, Vietnam, India, the Netherlands and Finland. Mr Lim is now a Shipyard Manager at Keppel FELS.





Nurturing communities is intrinsic to our corporate philosophy and we seek to make a positive social impact through our operations.

01

The Group gives back to the communities where we operate through outreach activities and community contributions.

\$5.88m

Invested in social causes in 2014.

Up to 1%

Of the Group's annual net profits are committed to social causes.

PERFORMANCE OVERVIEW



WHAT WE SAID IN 2014

- Strengthen and entrench a culture of volunteerism among employees.
- Build long-lasting relationships with our beneficiaries through regular engagements.
- Expand the scope of community outreach projects.



WHAT WE DID IN 2014

- Continued to engage employees in a wide range of volunteerism initiatives.
- Sponsored and participated in arts, education and community initiatives, investing \$5.88 million in social causes.



WHAT WE PLAN TO DO

- Continue to build long-lasting relationships with our beneficiaries by organising worthwhile activities on a regular basis.
- Continue to work closely with our partner organisations to achieve meaningful community impact through programmes such as Keppel Nights, Water for Life, Words on Wheels and major sponsorships such as the Keppel Centre for Art Education.

As communities thrive, we thrive. Shaped by this belief, we strive to conduct our businesses in a socially responsible manner to generate economic and social capital that create long-term, holistic value for the communities in which we operate.

Partnering organisations that share our values, we commit up to 1% of the Group's annual net profits to worthy social causes such as empowering lives through education. Through our contributions, we seek to support care for the underprivileged, the elderly and the environment, along with nurturing communities through sports, art and culture.

In 2014, the Group's total social investment spend was \$5.88 million.

KEPPEL CARE FOUNDATION

The Keppel Group established Keppel Care Foundation in 2012 as its philanthropic arm. The Foundation aims to provide assistance for the needy and underprivileged, promote education and encourage eco-friendly mindsets and initiatives.

To recognise and encourage the spirit of giving, Keppel Care Foundation sponsored the volunteerism trophy at the President's Volunteerism & Philanthropy Awards in 2014, organised by Singapore's National Volunteer & Philanthropy Centre.

SUPPORTING THOUGHT LEADERSHIP CORPORATE SOCIAL RESPONSIBILITY

Keppel Corporation and Keppel Land are gold corporate members of Singapore Compact, a non-profit

organisation which aims to further the Corporate Social Responsibility (CSR) movement in Singapore. Both companies were sponsors of the Singapore Compact CSR Summit 2014, which brought together over 450 business leaders, policymakers, academics and civil society leaders in a robust exchange on balancing profit, people and the planet for sustainable growth.

SUSTAINABLE DEVELOPMENT

As urbanisation proceeds at an unprecedented scale around the world, the need for sustainable urban development solutions grows ever more pressing. In support of innovating solutions to meet the challenges of urbanisation, Keppel Corporation and Keppel Seghers, the Waste-to-Energy arm of Keppel Infrastructure, sponsored the World Cities Summit,

Singapore International Water Week and CleanEnviro Summit Singapore 2014. The biennial co-organised events saw a record participation of more than 20,000 government leaders, industry experts, academics and civil society leaders from 118 countries.

Lee Kuan Yew World City Prize

To stimulate innovation in urban development to create vibrant, liveable and sustainable communities, Keppel Corporation extended its sole sponsorship of the Lee Kuan Yew World City Prize with a further commitment of \$1.75 million in 2014, bringing our total commitment to \$3.5 million. The contribution will sponsor another five cycles of the biennial award from 2020 to 2028.

ADVANCING INDUSTRY

In 2014, the Keppel Group continued its support of Singapore International Energy Week, during which government leaders, energy professionals and policymakers shared insights on building energy connections.

Keppel Offshore & Marine (Keppel O&M) supports the annual Chua Chor Teck Memorial Lecture, a platform for industry leaders and experts to share insights on a variety of offshore and marine-related topics. In 2014, the lecture focused on the applications of 3D printing in the offshore and marine industry.

PROMOTING VOLUNTEERISM

Our community efforts are bolstered by a robust culture of volunteerism.

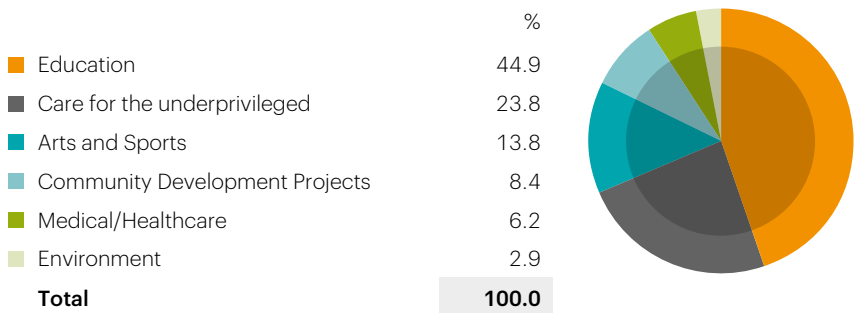
KEPPEL VOLUNTEERS

Keppel Volunteers is a Group-wide volunteer movement that spearheads community outreach activities.

To facilitate participation in meaningful community activities, our employees are given two days of volunteer leave annually. This encourages them to take on volunteer roles to contribute to the development of our beneficiaries. In 2014, Keppelites across the Group clocked about 4,000 hours of community service.



SOCIAL INVESTMENT SPENDING BY PROJECT TYPE, 2014 (%)



Keppel Volunteers regularly engage our adopted charity, the Association for Persons with Special Needs, to help its beneficiaries develop social and life skills. Activities in 2014 included an educational guided walk through Sungei Buloh Wetland Reserve and outings to enjoy theatre shows and interact with the casts. We also reach out to beneficiaries of a KK Hospital Endowment Fund supported by Keppel Care Foundation.

CARING FOR THE UNDERPRIVILEGED

We are committed to care for the less fortunate in society and seek to

nurture long-term relationships with our beneficiaries.

AIDING CHILD DEVELOPMENT

Since helping to refurbish the Vinh Son School in August 2013, volunteers from Keppel Land Vietnam have continued to reach out to the school in Ho Chi Minh City, Vietnam. In 2014, volunteers shared gifts and led craft workshops at the school to ring in the festive season, including a kite-making workshop organised together with Keppel Volunteers from Singapore. Located at the centre of a wet market, the Vinh Son School caters to very low income families.

Keppel Land's Tianjin team has been holding regular activities with children from Xiangyu Autism Mutual Aid Association to help them learn and develop while raising awareness and understanding of children with autism. Among the activities in 2014 was a fun-filled visit to a water park.

In Angra dos Reis, Brazil, BrasFELS volunteers regularly reach out to the municipal school Cornelis Verolme to organise activities such as storytelling sessions to promote a love of reading. In 2014, BrasFELS sponsored an educational day trip for over 60 students to visit the iconic Christ the Redeemer statue in Rio de Janeiro.

ACTIVE AGING

Keppel Volunteers regularly engage the elderly from organisations such as Thye Hua Kwan Seniors Activity Centres and Bright Hill Evergreen

Home with activities that encourage an active lifestyle. Our volunteers also regularly organise celebrations during festive periods, when many of the elderly may not be able to enjoy the companionship of family and friends.

To bring the young and old together, Keppel Volunteers organises activities such as arts and crafts sessions and garden tours with elderly folks of St. Theresa's Home and students of Queenstown Primary School.

COMMUNITY DEVELOPMENT

Water For Life

Keppel Land supports Water for Life, an initiative led by Singapore International Foundation which aims to provide more than 7,000 villagers in the Myanmar townships of Kaw Hmu and Kungyangon with better access to drinking water.

01

Keppel supports initiatives for sustainable development, such as World Cities Summit, Singapore International Water Week and CleanEnviro Summit Singapore 2014.

02

Keppel Volunteers organise regular activities with elderly beneficiaries to encourage active aging.



02

01

Keppel Volunteers organise regular events to reach out to the less fortunate.

02

Keppel's Words on Wheels programme in Vietnam promotes literacy by providing students with access to educational materials.

In 2014, volunteers from across the Keppel Group travelled to Nyaung Kone village, in the Kaw Hmu township, where they helped construct a tube-well shelter for over 400 villagers. During their stay, the volunteers also conducted basic health and hygiene workshops for the locals.

Five volunteer trips have been organised since the launch of Water for Life in 2013.

LIFE-SAVING DONATIONS

To raise awareness for and to debunk common misconceptions about donating bone marrow, Keppel collaborated with the Bone Marrow Donor Programme (BMDP) to organise an awareness drive. BMDP is a non-profit organisation that engages Singapore's only register of bone marrow donors.

In conjunction with the Singapore Red Cross Society, Keppel Volunteers organised a blood donation drive in 2014 to contribute to the national blood bank. To make it easier for staff to participate, donation stations were set up at multiple business units in Singapore.

In China, Keppel Nantong Shipyard organised a blood donation drive in aid of victims of a fatal explosion at a manufacturing plant in Kunshan. Both Kunshan and Nantong belong to China's Jiangsu province.

CHAMPIONING EDUCATION

We believe in the power of education to positively impact lives, and support initiatives to increase access to quality education.

In 2014, Keppel Corporation continued to support the Singapore





02

Institute of Technology (SIT)-Keppel Gold Medals. These are educational cash awards for top graduating students pursuing industry-focused degrees offered by SIT in partnership with Newcastle University and University of Glasgow.

Keppel O&M contributed to bursaries at Nanyang Technological University and Institute of Technical Education (ITE) in Singapore, while Keppel AmFELS supports scholarships for study at University of Texas at Brownsville in the US.

In China, Keppel Logistics (Foshan) continued its bursary scheme to support needy students from the Foshan University of Science and Technology.

CREATING OPPORTUNITIES

We are committed to contribute to local employment and build expertise on the ground through our operations. In the Philippines, Keppel Batangas Shipyard offered 25 scholarships in structural welding, marine metal scaffolding, rigging and signaling courses to local out-of-school youths. Keppel AmFELS collaborated with Texas Southmost College, Workforce Solution Cameron and the Brownsville

Independent School District to introduce a welding programme for high school students that offers entry-level job certification. In 2014, the first cohort of nine students received training from the yard's master welders.

PROMOTING LITERACY

Words on Wheels

To promote literacy among primary and secondary school students in the Binh Chanh district of Ho Chi Minh City, Vietnam, Keppel Land rekindled its partnership with Singapore International Foundation for the Words on Wheels mobile library programme. The project will provide over 3,000 primary and secondary students with access to educational materials, IT resources and learning facilities. To share the joy of learning with the students, volunteers from Keppel Land's Singapore and Vietnam offices travelled to Binh Chanh District to hold reading programmes.

Keppel-Nurtures-On-Wheels

Keppel T&T's Keppel-Nurtures-On-Wheels mobile library programme marked its second year in 2014. The programme aims to cultivate good reading habits amongst children while emphasising the importance of environmental conservation.



3,000

students will have access to educational materials through Words on Wheels over three years



01

To spur national sporting excellence, Keppel sponsors the Keppel-Clementi Zone Training Centre, where young table tennis talents are groomed.

02

Keppel Nights aims to cultivate a love of the arts by exposing students from heartland schools to world-class performances.

SUPPORTING THE ARTS

Committed to nurture vibrant communities, we contribute to arts and culture initiatives that cultivate and strengthen a love for the arts.

In recognition of its sustained contributions to nurture the arts community in Singapore, Keppel Corporation was named a Distinguished Patron of the Arts by the National Arts Council for the seventh consecutive year in 2014. Keppel REIT was recognised as a Friend of the Arts.

KEPPEL CENTRE FOR ART EDUCATION

To nurture a new generation of creative and critical thinkers, Keppel Corporation committed \$12 million to National Gallery Singapore to establish the Keppel Centre for Art Education, slated to open in late 2015.

The Centre will provide an immersive and creative learning environment for

a projected 250,000 children, youth and family members annually.

SPURRING SPORTING EXCELLENCE

To champion national sporting excellence, Keppel Corporation continued its support of the Singapore Table Tennis Association (STTA) as a sponsor of the Keppel-Clementi Zone Training Centre and the Keppel-STTA Awards Night.

The Keppel-Clementi Zone Training Centre is a training venue for young players who are groomed from as young as five-years-old, with the aim of identifying future talents for Singapore's national table tennis team.

Keppel's support goes toward funding quality coaching staff, equipment and administrative costs, along with enabling STTA to maintain affordable training fees.



Special Feature

INSPIRING THROUGH THE ARTS

Through the Keppel Nights programme, we work with arts and education stakeholders to inspire a love of the arts among students from heartland schools.

Keppel Corporation sponsors Keppel Nights, a partnership with Esplanade – Theatres on the Bay, to give students from heartland schools access to world-class performances. In doing so, we aim to cultivate a love and appreciation of the arts by exposing students to diverse cultures and genres.

For many students, Keppel Nights has given them the chance to set

foot in the iconic Esplanade for the first time. Besides international dance companies, theatre troupes and musicians, students are able to enjoy performances that showcase local history and heritage.

Since relaunching Keppel Nights in December 2013 with a commitment of \$360,000, we have worked closely with Esplanade to improve the reach and impact of the programme.

To ensure the shows offered to schools are relevant to students' interests and education, Esplanade seeks student feedback and reflections following the shows. We value educators as key partners in ensuring the programme succeeds, and seek their input to strengthen the programme.

In early 2015, a feedback session with Keppel and Esplanade representatives was held for principals and teachers to share their experiences and discuss areas for improvements. Feedback from the session has been incorporated into considerations on how to improve the programme further.

Many of my students have never had a chance to watch a performance at the Esplanade. Such exposure opens up their minds and encourages them to dream big.

MR SHAUN HO,
YISHUN SECONDARY
SCHOOL MUSIC TEACHER



02



ENCOURAGING ECO-CONSCIOUSNESS

To mark Earth Hour 2014, Keppel's business units around the world switched off non-essential lights for an hour. Beyond this symbolic effort, Keppel also supports the annual Worldwide Fund for Nature initiative by actively encouraging staff to adopt eco-friendly practices.

Keppel Land has supported Eco Action Day, Singapore's largest business-led environmental awareness campaign, since 2007. A series of roadshows on energy conservation were held at some of Keppel Land and Keppel REIT's commercial buildings, while Keppel Land management participated in the inaugural Eco Action Day Forum to share on "small island states and sustainable development".

BIODIVERSITY EFFORTS

To support efforts to preserve the biodiversity of Singapore's marine environment, Keppel Volunteers participated in a series of marine biodiversity expeditions and surveys by National Parks Board (NPB) from September to October 2014.

Over 30 volunteers helped NPB staff to gather live marine species from the seabed in the waters off Singapore's southern coast. At the laboratory on St. John's Island, volunteers helped to systematically sort the marine specimens for further examination by marine biologists.

Other efforts to support biodiversity and raise awareness on the importance of preserving marine habitats included an annual beach cleanup campaign by N-KOM and Keppel Batangas Shipyard's participation in a coastal cleanup of Batangas Bay with the Philippines navy.

EXTENDING HUMANITARIAN AID

In response to the 6.5-magnitude earthquake that struck Ludian County, Zhaotong City, in the southwestern province of Yunnan, China, in August 2014, Spring City Golf & Lake Resort and Keppel Land China employees raised funds for disaster relief. The resort is located in Kunming, the capital city of Yunnan.

To ascertain how to effectively allocate the funds, a team from

Spring City visited two of the most severely damaged sites to meet with affected families and local officials, before deciding to use funds to buy bedding for students to get through the winter season.

In the aftermath of Typhoon Ondoy in the Philippines, Keppel Subic Shipyard employees delivered materials for rescue and retrieval operations. Throughout the year, volunteers from the yard helped to set up lighting fixtures to improve the safety of the residents and donated rescue equipment to the Subic Public Order and Safety Office.

01

Keppel Volunteers participated in marine biodiversity expeditions and surveys in support of preserving Singapore's marine environment.

Independence Assurance Statement

INTRODUCTION

DNV GL Business Assurance Pte Ltd, part of DNV GL Group, has been engaged by Keppel Corporation Ltd. ('Keppel') to provide independent assurance over the Sustainability Report 2014 (the 'Report') which is available to stakeholders from Keppel's website and in print.

Keppel is responsible for the collection, analysis, aggregation, preparation and presentation of the printed version of the Report. The responsibility of DNV GL is to provide independent assurance to the Management of Keppel on the reliability of the information contained in the Report and to express an overall opinion as per the scope of assurance engagement as defined in this statement.

Our responsibility is in accordance with the terms of reference agreed on with Keppel. The assurance engagement is based on the assumption that the data and information provided are complete and true.

The intended recipients of the assurance statement are the stakeholders of Keppel.

The Report covers the sustainability performances from the global operations and all subsidiaries and associated companies over which the Keppel group has management control. The boundary of the report for each area is defined in the respective chapters and unless otherwise stated will include subsidiaries over which Keppel has management control.

SCOPE OF ASSURANCE

The scope of work included a review of sustainability activities and performance data over the reporting period 1 January to 31 December 2014. This included:

- Evaluation of the reporting principles for defining the

sustainability report content and the quality in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 3.1;

- Evaluation of adherence to accountability principles provided in AA1000 AccountAbility Principles Standard:2008;
- Statement, information and performance data contained within the Report;
- Keppel's process for determining material aspects for reporting and the management approach to material issues; and
- Keppel's process for generating, gathering and managing the quantitative and qualitative data in the Report.

VERIFICATION METHODOLOGY

The assurance engagement was conducted in line with the requirements of the AA1000 Assurance Standard:2008, Type 2 assurance as well as DNV GL Verification Protocol for Sustainability Reporting V4.1 ('VeriSustain™', www.dnvgl.com/assurance/default.aspx).

A specific evaluation of the information and data on sustainability performance was related to Keppel's selected core indicators set forth in the GRI G3.1, as indicated in the GRI Content Index included in the Report.

We applied a moderate level of assurance. The audit was carried out in April and May 2015. Site visits were made to the Keppel Corporation head office and two sites of subsidiaries (Keppel FELS and Keppel Telecommunications & Transportation) in Singapore.

As part of the verification, we performed sample-based audits and undertook the following activities:

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;

- Interviewed representatives from the corporate headquarters as well as those from various business units;
- Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
- Reviewed the outcomes of a stakeholder consultation report in 2013; and
- Reviewed the materiality analysis conducted in 2010 and 2015.

LIMITATION

The engagement excludes the sustainability management, performance and reporting practices of Keppel's suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement.

Any financial information from Keppel's annual report and company reporting on operations in 2014 and 2015 or other sources are not included in the scope of the Assurance. Economic performances based on the financial data were cross-checked with internal documents and the audited financial statements. The aggregation and calculation process for building economic performances were reviewed and tested by the verification team.

Limited depth of evidence gathering was applied to inquiry and analytical procedures, as well as limited sampling at lower levels in the organisation. The baseline data for Environmental and Social performance are not verified, while the aggregated data are used for verification.

DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

CONCLUSION

In DNV GL's opinion and based on the scope of this Assurance Engagement, the Report provides an accurate and impartial representation of Keppel's sustainability-related strategies, management systems, practices and performance in 2014.

Further opinions with regards to the following Principles are made below:

INCLUSIVITY

Keppel has identified six internal and external stakeholder groups such as Customers, Employees, Governments, Shareholders, Local Communities and Suppliers. Keppel's stakeholder engagement activities occurred at the Group and business unit level through various platforms. An independent consultancy performed a stakeholder engagement study in 2013. Some material aspects reported are derived from this report.

In our opinion the stakeholder survey could be performed more often to reflect the expectations and concerns of stakeholders into the process of determining the Report contents. In our view, the level at which the Report adheres to the principle of Inclusivity is 'Acceptable'.

MATERIALITY

Keppel has carried out the materiality assessment with an independent consultancy at the end of 2014. An internal review of its businesses was combined with a review of external stakeholder issues to identify the issues that are significant to the stakeholders so that the report content remains relevant

to the stakeholder's concerns and expectations.

At the Group level, Keppel collected and reviewed materiality analyses conducted by individual business units so as to enable a more accurate identification of material issues at the Group level.

As a result, the output of the process brought out material aspects of economic performance, corporate governance, environmental performance, product excellence, safety and health, labour practices and community development. In our view, the level at which the Report adheres to the principle of Materiality is 'Acceptable'.

RESPONSIVENESS

The Report provides a comprehensive overview of the Group's activities; it keeps stakeholders informed of corporate decisions in terms of achievements and performance in relation to the sustainability material arguments.

Keppel's stakeholder dialogues and materiality review were used to determine the type of information that is material to stakeholders. The information is considered in the preparation of the Report. The overall responsiveness is reasonable. Keppel is planning to transition to GRI G4 for future reporting. In our view, the level at which the Report adheres to the principle of Responsiveness is 'Acceptable'.

COMPLETENESS

The Report has adequately covered the sustainability strategy, management approach and sustainability performances against the selected GRI G3.1 indicators for a B level. The boundary of the Report covers the sustainability performances from the global operations and all subsidiaries and associated companies over which the Keppel Group has management

control. A sustainability report should include in its boundary all entities that generate significant sustainability impacts (actual and potential) rather than solely on its management influence. In our opinion, the level at which the Report adheres to the principle of Completeness is 'Acceptable'.

REPORT QUALITY: BALANCE & NEUTRALITY

The Report reflects Keppel's desire to present a balanced account of the activities and results relevant to the reporting year, which is consistent with the corporate strategies. We consider the Report to be an impartial description of Keppel's sustainability impact. In our opinion, the level at which the Report adheres to the principle of Neutrality is 'Acceptable'.

Findings in relation to specific sustainability performance information:

The Report covers global operations and all subsidiaries and associated companies over which Keppel has management control, unless otherwise indicated.

The reporting of the sustainability performance presented in the Report is collected centrally by a dedicated function in the Group from the operating companies and consolidated for reporting, which is a common approach used by large conglomerates.

DNV GL has evaluated the reliability of data and information with regard to energy consumption, waste generation, greenhouse gas emissions, and health and safety performance indices at the Group and operating companies' level for Type 2 Assurance.

Two business units (Keppel FELS and Keppel Telecommunications & Transportation) were sampled to visit by the audit team. The process of generating, gathering, compiling, and transferring the

data and information at these companies was assessed at the sites and the process of consolidating the data and information was assessed at the corporate head office of Keppel.

The information included in the Report subject to our verification was found to be plausible with the related operations described. However, some data from operational units was observed to be inconsistent due to calculation, interpretation and aggregation errors. The errors were corrected and subsequently the data and figures are reported accurately in the Report.

Keppel uses a system called 'CR360' which was recently rolled out to gather sustainability performance data. However, the data used for the Report this year still much depended on manual collection. Keppel states the system will be utilised for future reporting as much as practicable. We expect that this system will enhance Keppel's future mechanism to collect data in a consistent and accurate way. The data owners interviewed are able to demonstrate the trace to the origin and the data source of the specific data and information are identifiable.

DNV GL concludes that the level at which the Report adheres to the principle of Accuracy and the Reliability of the information on sustainability performance has improved as compared to the previous year.

OPPORTUNITIES FOR IMPROVEMENT

The following is an excerpt from the observations and opportunities reported to Keppel's management. However, these do not affect our conclusions on the Report and are provided to encourage continual improvement. Without qualifying our conclusion above, DNV GL makes the following recommendations:

- To implement internal quality control procedures, including internal verification working within the certified management systems, to improve the data and information quality; and
- To consider including in the boundaries of the report all entities that generate significant sustainability impacts and those over which it exercises significant influence.

STATEMENT OF COMPETENCE & INDEPENDENCE

DNV GL is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the verification process.

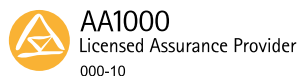


SEUNG HYUN KWAK
PROJECT MANAGER



ANTONIO ASTONE
TECHNICAL REVIEWER

DNV GL Business Assurance Pte Ltd
28 May 2015
Singapore



Global Reporting Initiative (GRI) Content Index



GRI Indicator	Description	Disclosure	Reference Page ¹
PROFILE DISCLOSURES			
1.	Strategy and Analysis		
1.1	Statement from the most senior decision-maker of the organisation	●	1
1.2	Description of key impacts, risks, and opportunities	●	15, 27, AR124-127
2.	Organisational Profile		
2.1	Name of the organisation	●	Cover
2.2	Primary brands, products, and/or services	●	2-3
2.3	Operational structure of the organisation	●	AR47, AR205-215
2.4	Location of organisation's headquarters	●	Back Cover
2.5	Number and names of countries where the organisation operates	●	2-3, AR6-7
2.6	Nature of ownership and legal form	●	AR47, AR205-215
2.7	Markets served	●	2-3, AR6-7
2.8	Scale of the reporting organisation	●	2-3, 4-5, AR6-7, AR47
2.9	Significant changes during the reporting period	●	4-5
2.10	Awards received in the reporting period	●	11-14
3.	Report Parameters		
3.1	Reporting period for information provided	●	4-5
3.2	Date of most recent previous report	●	4-5
3.3	Reporting cycle	●	4-5
3.4	Contact point for questions regarding the report or its contents	●	5
3.5	Process for defining report content	●	4-5, 8-10
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3.7	Limitations on the scope or boundary of the report	●	4, 29, 35, 43, 51
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities	●	4, 29, 35, 43, 51
3.9	Data measurement techniques and the bases of calculations	●	4-5, 29, 35, 43, 51
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	●	7, 29, 33
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	●	7, 29, 33
3.12	Table identifying the location of the Standard Disclosures in the report	●	72-75
3.13	Policy and current practice with regard to seeking external assurance for the report	●	4-5, 69-71
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4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	●	AR32-34
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organisation's performance	●	24-26
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	21-24, AR92-95
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees	●	21-24, AR93-97
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	●	Inner Cover, 1, 5, 16, 20, 28, 34, 42, 50, 60

¹ References to Keppel Corporation's Report to Shareholders 2014 are expressed as 'AR page number'. Keppel Corporation's Report to Shareholders 2014 is available at www.keppcorp.com/annualreport2014/

GRI Indicator	Description	Disclosure	Reference Page ¹
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4.10	Processes for evaluating the highest governance body's own performance	●	21-22, AR97-98
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4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	●	6, 10, 38, 44, 51-53
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GRI Indicator	Description	Disclosure	Reference Page ¹
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EN19	Emissions of ozone-depleting substances by weight	2	32-33
EN20	NOx, SOx and other significant air emissions by type and weight	1	32-33
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	Labour Practices and Decent Work DMA	1	Employment 51-54; Labour/management relations 52-53; Occupational health and safety 43, 48-49; Training and education 45-48, 54-56; Diversity and equal opportunity 52-53

GRI Indicator	Description	Disclosure	Reference Page ¹
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	●	52-53
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	●	54-55
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	●	53-54
LA15	Return to work and retention rates after parental leave, by gender	●	54
LA4	Percentage of employees covered by collective bargaining agreements	●	52
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	●	45-48
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	●	43, 46
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	●	45-49
LA10	Average hours of training per year per employee by gender, and by employee category	●	54-55
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	●	56, 59
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	●	52-53
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	●	21-22, 52-53
Human Rights			Approval 51-52
Human Rights DMA			● Non-discrimination 51-53; Freedom of association and collective bargaining 52; Child labour 51-52; Prevention of forced and compulsory labour 51
Non-discrimination			
HR4	Total number of incidents of discrimination and corrective actions taken	●	52-53
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	●	51-52
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour	●	51-52
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms	●	52

LEGEND

- Fully reported
- Partially reported
- Do not report

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